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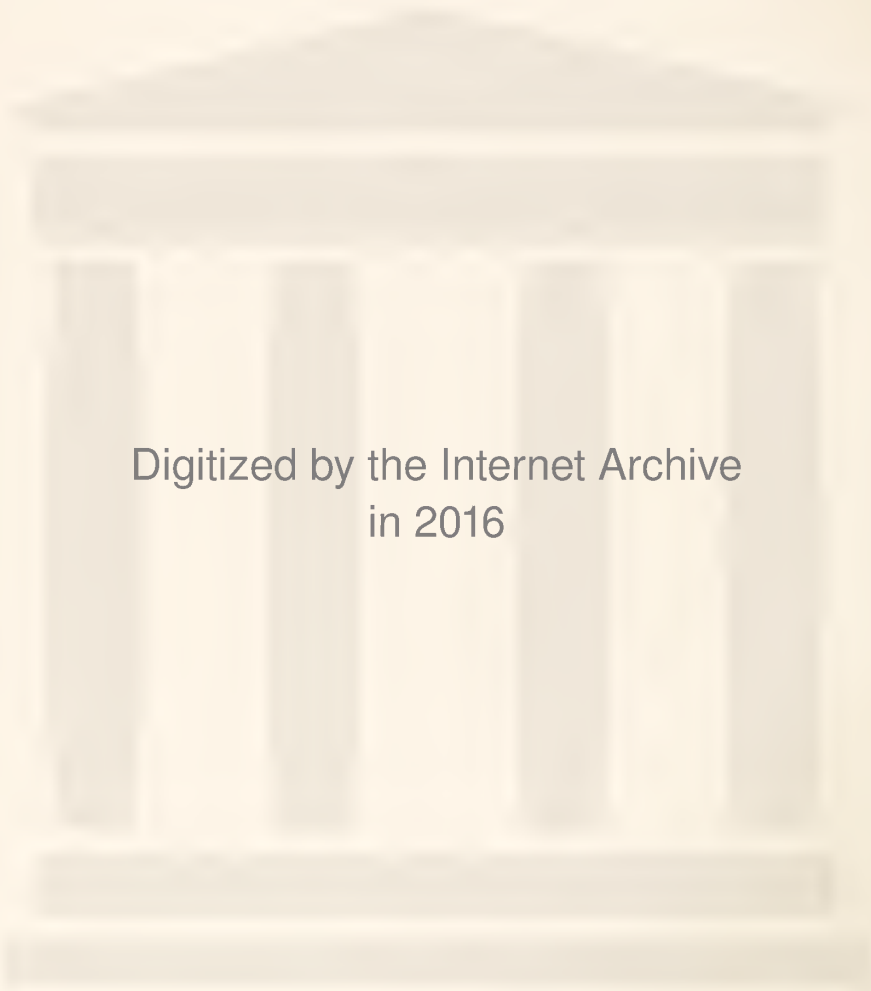
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No. 2718.

Before the General Claims Commission, United States and Mexico

(Under Convention Concluded September 8, 1923)

THE UNITED STATES OF AMERICA ON BEHALF OF JOHN W. DE KAY

v.

THE UNITED MEXICAN STATES

MEMORIAL OF THE UNITED STATES

C. L. BOUVÉ,
Agent of the United States.

U. S. GOVERNMENT PRINTING OFFICE: 1927

To Hon. J. Reuben Clark Jr.
To whose care and
work this volume is
due.

J. Mc Cauley
27-6-27.

UPB

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Before the General Claims Commission United States and Mexico

(Under Convention Concluded September 8, 1923)

No. 2718

THE UNITED STATES OF AMERICA ON BEHALF OF JOHN W. DE KAY

vs.

THE UNITED MEXICAN STATES

MEMORIAL

The United States of America on behalf of John W. de Kay, claimant, respectfully represents to the General Claims Commission, United States and Mexico:

I. The claimant is a native-born citizen of the United States of America, born near New Hampton, Iowa, United States of America, and has been at all times hereinafter mentioned, and is now, a citizen of the United States of America. (Annex 1, p. 216.)

II. This claim is submitted by the United States of America on behalf of the claimant, John W. de Kay, in his own right. The entire amount of the claim herein presented for the purchase price stipulated in the contract hereinafter set out, does now, as it did at the time of its origin or accrual, belong solely to the claimant, and no other person has been or is now interested in such claim for such purchase price now presented or in any part thereof.

III. The claim described and set out in this Memorial for said purchase price and accrued interest prescribed therein amounted on January 1, 1927, to $8,699,687.50 gold of the United States of America ($4,971,250.00, the purchase price with the interest, 6 per cent, stipulated in the contract for 12½ years, that is, July 1, 1914, to January 1, 1927) with interest on $4,971,250.00 from January 1, 1927, at 6 per cent.

IV. This claim arises out of the sale by said claimant, John W. de Kay, to Mexico of 51 per cent of the Voting Trust Certificates which represented 51 per cent of the common stock of the Mexican National Packing Company, Limited, and therefore the equitable ownership of 51% of the assets of that Company, said claimant being the sole and only owner of said Certificates and stock so sold, and no other person or persons, natural or artificial, had any right, title, or interest either in said Certificates or said stock.

The said Company owned and operated under exclusive concessions granted by the Mexican Government for that purpose, the only meat packing and refrigerating plants existing in Mexico at the date of the sale, namely, January-March, 1914.

The sale of said Voting Trust certificates was made by the owner thereof, John W. de Kay, to Mexico through the Ministry of Finance and Public Credit of Mexico, Department of Credit and Commerce.

At the time of the sale the Mexican National Packing Company, Limited, was a prosperous, going concern, possessing and owning the property set out in the Contract of Sale, and other properties of great value.

Mexico having, by this purchase, acquired the control of the Mexican National Packing Company, Limited, and the equitable ownership of 51% of the assets of that Company,

the Mexican Government took over the management of the Company, chose its own Voting Trustees (who had the right and power, which they exercised, to elect the entire Board of Directors) entered into the possession and enjoyment of the property of the Company (April, 1914), and from that time received and appropriated all of the rents, profits, and revenues whatsoever derived from the property without ever reporting to the other stockholders or to the bondholders of the Company, and without ever making to such stockholders and/or bondholders any payment whatsoever on account of interest or redemption of the securities or on account of dividends on stock.

The Mexican Government delivered to the claimant herein to secure, in effect, the payment for the Voting Trust Certificates, and for the equitable ownership of 51% of the assets of the Company, and as actual payment therefor under certain contingencies specified (which Certificates, as stated, gave to Mexico not only the equitable ownership of 51% of the assets of the Company but also the control of the Company and enabled the Mexican Government to handle the business in the manner above described) Treasury Bonds of the Mexican Federal Government, 6 per cent, 10 years, 1913—said bonds being issued under the identic law and decree that authorized and covered the bonds issued by Mexico in May, 1913, to the International Banking Group, said bonds delivered to the claimant being in fact a part of the bonds placed under option to the International Banking Group under their contract of June 8, 1913, which option was fully protected by the contract between the Mexican Government and the claimant.

But within nine months from the time said bonds were issued to the claimant herein and while they were still held by the claimant as security, in effect, for payment and almost eight months before said bonds, under the terms of the contract between the Mexican Government and the claimant herein, could become the actual property of the claimant, as payment under the contingencies specified (this because of the option above referred to and of the contract of purchase made subject to the option), and only eight months after the time the Mexican Government entered into full possession and enjoyment of the great properties of the Company, the Government of Mexico repudiated said bonds so delivered to claimant to secure, in effect, payment for the controlling interest of the Company and the equitable ownership of 51 of the assets of the Company, thereby destroying any and all value which the bonds possessed, and making them unmarketable and so much mere waste paper. From that time to the present the Mexican Government has steadily refused to recognize the validity of such bonds, though at all times retaining possession of the property to secure, in effect, the payment for which said bonds were delivered, and appropriating to its own use as hereinbefore stated, all rents, revenues, and profits derived from said property.

The said claimant herein has not received from the Mexican Government for the property which he sold to Mexico, any money or other property whatsoever, or any payment whatsoever on account of said bonds except the payment of the first interest due upon the bonds,. July 1, 1914, amounting to about $80,000, United States gold, which first payment of interest was paid prior to the repudiation of the bonds by the Government of Mexico and which said payment was made to the said claimant from funds which the said claimant himself loaned to

the Mexican Government at its request, in order to enable it to make the payment.

Since the Government of Mexico thus repudiated and so made worthless the bonds delivered to the claimant as security, in effect, for the payment of the property sold by the claimant or as actual payment therefor under certain contingencies, such repudiation occurring before the bonds could become the actual property of the claimant under the terms of the contract of sale; and since all succeeding governments in Mexico have persisted in and maintained that repudiation, with the result, first, that the claimant, because of such repudiation, is not now, and never has been able to realize upon said bonds either as to principal or interest, except the interest payment above specified, and, second, with the further result that the claimant has never received from the Government of Mexico any other payment or compensation whatsoever except such interest payment from any source or on any account for the property sold and delivered to Mexico,

Now, therefore, the claim herein is submitted for the contract price, including interest thereon at the rate specified in the contract of purchase, of the property which the claimant herein, John W. de Kay, sold and delivered to Mexico, the said contract price being the face value of the bonds delivered to Mr. de Kay (on which, as stated, interest is also asked according to the terms of the contract of purchase) for which property, as hereinbefore set out, Mexico has never paid the contract price, nor any part thereof, nor made any compensation whatsoever therefor, except the interest payment noted.

NO CLAIM IS MADE HEREIN ON ACCOUNT OR IN RESPECT OF ANY ARMS OR MUNITIONS TRANSACTION OR CONTRACT WHATSOEVER, BUT ONLY AND EXCLUSIVELY ON ACCOUNT OF THE SALE OF THE CONTROL OF THE MEXICAN NATIONAL PACKING COMPANY, LIMITED.

V. The business of the Mexican National Packing Company, Limited, was conceived, initiated, and developed by John W. de Kay, the claimant herein, who spent fourteen years of his life in beginning and building up the slaughtering, packing, refrigerating, and meat marketing business in Mexico. While legally immaterial to the issues herein, the claimant declares, under oath, that during all of this period so indicated he did not receive a penny of salary either from the Mexican National Packing Company, Limited, or from any of its predecessors in title; nor did he receive directly or indirectly any fee or commission for the underwriting, sale, or other disposal of any of the securities of the Company, or of its predecessors in interest except the regular underwriting commission which he received in common with all other financiers underwriting the various securities issued; nor did he receive from the Company any of its bonds except as the same were bought and paid for by him through subscriptions made upon the same terms as the bonds were sold to the public generally; nor did he receive personally from the Company any sums of money whatsoever in connection with his services for the Company save and except his actual expenses incurred while on the Company's business outside of Mexico, which expenses were authorized by the Board of Directors of the Company and paid, after a detailed examination of the vouchers submitted with the account of such expenditures. (Annex 2, p. 222; Annex 3, par. 19, p. 278.)

VI. For verification of the foregoing statements and all others hereinafter made in the presentation of this claim in this Memorial, reference is made, in so far as such matters are to be found therein, to the books and files of the Company which show the capital invested and under what heading it was applied, the volume of business transacted, the amount of the earnings and the disposition thereof—all earnings beyond the interest on the Company's bonds being left in the Company's business—as well as all other matters that are material to the history of the business. (Annex 3, par. 15, p. 276.) These books and files were, at the time of the sale of the Voting Trust Certificates aforesaid, turned over to Mexico, which took possession thereof along with the other property and assets of the business, and to these books, records, documents, and files of the Mexican National Packing Company, Limited, which were thus turned over to Mexico, and which are not in the possession of the Government of the United States, and to which the Government of the United States does not now have access, reference is made for the substantiation of every statement hereinafter made as to any and all essential facts put forward in this Memorial and not sufficiently proved by the documents attached hereto, in so far as such facts may be material, if at all, to the decision of this claim.

The Government of the United States calls attention to the fact that since the books, records, documents, and files of the Company were delivered to Mexico, it is not possible in all cases to supply the primary proof which would be available if such books, records, documents and files were in its possession, and it has, therefore, frequently been necessary to rely on such secondary proof as chanced to remain in the personal possession of the claimant.

Part I

HISTORY OF THE ESTABLISHMENT AND DEVELOPMENT OF THE ENTERPRISE

VII. While not legally relevant to the claim herein made, it will be helpful to an understanding of the case to set out the facts and circumstances which show the nature, extent, and importance of the business sold to Mexico, and also which show the kind and nature of the transactions out of which this claim arises.

Preliminary Investigation

1. In 1900 there was not in Mexico a single meat-packing or meat-refrigerating plant, and the conditions covering the slaughtering and marketing of meats in Mexico City were such that it was reported to the claimant that more deaths occurred in Mexico City per thousand due to poisoning from the use of bad meat, than occurred per thousand in population in either New York or Chicago from all causes, including old age, (Annex 2, par. 4, p. 223; Annex 3, par. 7, p. 273). The same conditions existed throughout the country. (Annex 3, par. 23, p. 279.) In view of these conditions, claimant herein, John W. de Kay, undertook a study and investigation of the feasibility of establishing modern slaughterhouses and meat-packing and meat-refrigerating plants in Mexico. His work was facilitated by President Diaz through letters to the Governors of various states.

After spending the greater part of a year and a half in his study and investigations, the claimant took up with the Government of Mexico the question of securing a concession from the Government covering the establishment of the industry named, with the result that on April 4, 1903, a contract was signed between General Manuel Gonzales Cosio, Secretary of State, and of the Office of the Interior in representation of the Federal Executive, and Attorney

Luis Mendez, representing "The North American Beef Company," (a company controlled by the claimant) for the establishment of two factories for utilizing various products of animal waste and two meat-packing houses. (Legislacion Mexicana, Dublan y Lozano, Vol. 35, pt. 1, pp. 435–438.)

2. Concessions were also granted by the Government of the State of Michoacan for the construction and operation of a packing house, cold storage, ice plant, and by-product factory, etc., in that state. (Annex 2, par. 6, p. 223.)

3. Steps were at once taken to begin the carrying out of the work required by these concessions.

4. Immediately upon the completion of the preliminary study, the investigation, and the undertaking of negotiations for the concessions already described above, competition began to develop on the part of certain high Mexican financial interests, with the result that on August 21, 1902, and on December 8, 1902, concessions were granted for the establishment of a slaughterhouse or abattoir in Mexico City; these two concessions were combined into one under date of November 14, 1903, which was negotiated between Mr. Roberto Gavol, General Director of Public Works of the Federal District, and Mr. Alberto Terrazas, Manager of "La Internacional, S. A." (Dublan y Lozano, op. cit., Vol. 35, pp. 1427–1437.)

5. This latter concession seems to have given a monopoly of the slaughtering of livestock in the Federal District. It was generally reputed and understood that besides Terrazas there were interested in this concession the following named persons: Jose Y. Limantour, Finance Minister of Mexico, Joaquin D. Casasus, Enrique Creel, and others. (Annex 2, par. 18, p. 229.)

Building of Plants

6. As soon as the concession of April 4, 1903 (Dublan y Lozano, op. cit., Vol. 35, pt. 1, pp. 435–438), was obtained by Mr. de Kay, the work was immediately begun upon the erection of the packing house and cold storage plant at Uruapan, State of Michoacan. The work of the construction of the packing plant was carried on at this time and for a considerable subsequent time from the personal funds of the claimant. To facilitate the establishment of the business it was found desirable to transfer the concessions, with the consent of the Mexican Government, to a new company, known as the United States Packing Company, which had been organized under the laws of the State of New Jersey, United States of America. Accordingly, pursuant to a request made on March 27, 1905, and to the consent of the Mexican Government given upon such request, on June 23, 1905, a formal instrument of transfer of the concessions between the representatives of The North American Beef Company and the United States Packing Company was duly drawn up under date of July 1, 1905, and was duly signed and ratified before a Notary in the City of Mexico on July 17, 1905. (Annex 4, p. 287.) The Packing Company thereupon created an issue of $600,000 of 6 per cent, twenty-year gold bonds and these bonds were purchased by Mr. de Kay and his friends, and all the money derived therefrom was put into the business as the books of the company will show. (Annex 2, par. 7, p. 223.)

7. This transfer to the United States Packing Company was formally approved by the Government of Mexico on October 18, 1905. (Annex 5, p. 288.)

8. On November 15, 1905, the Mexican Government formally extended for one year the time for the formation of plans, commencement of work, etc., for the second factory

and of a proposed packing house at Veracruz. (Diario Oficial, Vol. 81, #19, Nov. 22, 1905, p. 297.)

9. As a matter of fact, the erection of a packing plant at Veracruz was finally abandoned as it was later found, after the erection of the plant in Mexico City, that sufficient meat could be prepared at Uruapan and at Mexico City to provide for the meat markets then open for Mexican meats, and that such meats could be supplied at prices which rendered unnecessary the erection of a packing plant at Veracruz. (Annex 2, par. 24, p. 231.)

10. On march 17, 1906, the Mexican Government extended the time for the completion of the factory for handling the by-products and for completing the meat packing house by Uruapan, until November 30, 1906. (Dublan y Lozano, op. cit., Vol. 38, pp. 295–296.)

11. On November 24, 1906, the Mexican Government again extended the time specified for the various enterprises in the contract of April 4, 1903, as already extended, and made some further amendments to the contract, including among others the addition of certain conditions under which the contract might be annulled. (Dublan y Lozano, op. cit., Vol. 38, pp. 1262–1264.)

12. In 1906, the United States Packing Company arranged for additional financing in London and in pursuance of arrangements made by Mr. de Kay with London Bankers, the Packing Company created an issue of $2,000,000 five per cent, twenty-year gold bonds. Of these bonds $700,000 were issued to the bond holders in exchange for the $600,000 of bonds already held by them, referred to in Paragraph 6 above, and the remaining $1,300,000 of the five per cent bonds were sold to London bankers in December, 1906, and issued to the British public at par in January, 1907. At the request of the London bankers, the name of the company had been changed from The United States Packing

Company to Mexican National Packing Company. This issue of five per cent industrial bonds on a Mexican enterprise at par was (as the claimant avers) the first and last issue ever made of a Mexican five per cent industrial bond at par. The effect of this transaction upon Mexican credit was such that messages of congratulation were received by Mr. de Kay by cable from President Diaz and from Finance Minister Limantour, one of those interested in the Rastro concessions, the competitor of the Mexican National Packing Company. The originals of these cables are in the company's files which were handed over to the Mexican Government. (Annex 2, pars. 7–9, p. 223.)

13. As bearing upon the position of this business at the time of the issue of these bonds, it is to be noted that the English solicitors who passed upon the legality of the issue and upon the prospectus, were Sir L. Worthington Evans, subsequently Postmaster General of England and, in 1927, Minister of War of England, and Messrs. Linklater and Co., the well-known London solicitors. It is understood that these solicitors took as counsel's opinion, the opinion of Rufus Isaacs, Barrister, who subsequently became Lord Chancellor of England, Lord Reading, and later Viceroy of India. The bankers to this issue were Messrs. Martin's Bank, Limited, of London. (Annex 2, par. 9, p. 224.)

14. On June 21, 1907, the Mexican Government extended the time of the opening of the factory for the utilization of animal waste, and for the completion of the packing house at Uruapan until December 31, 1907, the Mexican Government at the same time again amending the contract of April 4, 1903, by providing additional reasons for which the Government might declare the forfeiture of the contract. (Dublan y Lozano, op. cit., Vol. 39, pp. 432–435.)

15. On September 4, 1907, the Terrazas contract of November 14, 1903, for the construction of a Rastro in Mexico City, was amended. (Dublan y Lozano, op. cit., Vol. 39, 480–484.)

16. In 1907, subsequent to the time of the marketing of the bonds above referred to in January, 1907, the Company increased its working capital by an authorized issue of ten million dollars, American gold six per cent, twenty year bonds with the Empire Trust Company of New York as trustee. The lawyers for the Company at this time were Samuel Untermyer of New York, and Messrs. Slaughter & May, of London. The English counsel at this time was Barrister Sir Douglas Hogg, who in 1927, was Attorney General of England. The loan was issued in London through Messrs. Glyn, Mills, Currie & Co. who had been for about forty years the bankers of Mexico in London. (Annex 2, par. 9, p. 224.)

Opening of Plants

17. On January 8, 1908, the packing house at Uruapan, State of Michoacan, was formally opened by the Vice President of the Republic, Señor Ramon Corral, who acted in the name and on behalf of President Diaz. At this formal inauguration of the packing industry in Mexico, there were present representatives from the leading stock exchange houses and banks of London, a number of prominent Americans, and many distinguished Mexicans. The speeches made by distinguished Mexicans on this occasion are evidence of the substantial character of the enterprise which was thus inaugurated, and of its importance to the Mexican nation. (Annex 6, p. 289; Annex 3, pars. 8–10, p. 274.) In Annex 7 will be found actual photographs of this plant at Uruapan and its subsidiary and auxiliary plants and businesses.

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18. The Directors of the Mexican National Packing Company at this time bear witness of the standing of the Company, and of the importance of its operations. These Directors were:

John W. de Kay, President of the Company,

Sebastian Camacho, President of the National Bank of Mexico, President of the Federal Senate, and Vice President of the Company,

General Fernando Gonzalez, Governor of the State of Mexico,

Julio M. Limantour, Director of the National Bank and brother of Finance Minister Limantour,

George I. Ham, President, United States Banking Company, Mexico City,

Luis Mendez, President, Mexican Government Railway Commission,

Francisco Alfaro, Member of Congress, Mexico City,

Carlos de Landa y Escandon, brother of William de Landa y Escandon, who was Governor of the Federal District,

J. F. Uriarte, Mexican Senator and personal nominee on the Board of Vice President Ramon Corral,

H. P. Chesley, General Manager of the Company, former Vice President of the National Livestock Bank of East St. Louis, Illinois, and General Manager of the St. Louis Stockyards Company. (Annex 2, par. 34, p. 237.)

Of these directors Messrs. Gonzalez, Camacho, and Ham personally invested large sums in the business. (Annex 2, par. 9, p. 224.)

19. On January 17, 1908, an extension of time was granted for the erection of a factory and packing house either in the State of Hidalgo, or of Mexico, or of Queretaro. (Dublan y Lozano, op. cit., Vol. 4, pp. 25–26.)

20. On February 7, 1908, a contract was entered into between the Government of Mexico and the Mexican National Packing Company providing for the inspection of meat slaughtered and prepared at Uruapan. (Dublan y Lozano, op. cit., Vol. 40, pp. 391–392.) From this time forward all meat slaughtered and sold by the Company was subject to the most rigid inspection in order to protect the health of the consumers. This fact is of great importance in considering the matters discussed in paragraphs numbered 41 and 64, set out hereinafter. (Annex 2, par. 15, p. 226.)

21. On February 11, 1908, a contract was entered into between the Mexican Government and the Mexican National Packing Company, giving authority to the Mexican National Packing Company to establish in the Republic store houses, refrigerators, depots, and refrigerating markets for preserving and distributing food products. This contract contained certain stipulations providing that the contract should become null and void upon the happenings of certain events specified. (Dublan y Lozano, op. cit., Vol. 40, pp. 44–48.)

22. On June 26, 1908, the Mexican Government further extended the time for the building of an additional plant in the State either of Hidalgo, or of Mexico, or of Queretaro. (Dublan y Lozano, op. cit., Vol. 40, p. 202.)

23. The annual capacity of the plant at Uruapan was as follows:

225,000 cattle.
225,000 sheep.
225,000 pigs. (Annex 8, p. 299; Annex 3, par. 21, p. 279.)

Competitors Fight Company in Mexico City

24. Immediately after the inauguration of the plant at Uruapan, the Company began shipping its refrigerated meat to the City of Mexico in special train consignments, some-

times sending as many as three special trains daily. The meat was distributed in the City of Mexico from the Company's distributing plant, Rancho del Chopo, a refrigerating storage plant which had been erected in Mexico City by the Mexican National Packing Company. The Rancho del Chopo had been inaugurated in person by President Diaz in the presence of a company of distinguished Mexicans, including his entire cabinet. The distribution from the Rancho del Chopo was, for the most part, through automobile delivery vans which had been specially manufactured for the Company. (Annex 2, par. 13, p. 225.) In Annex 7 will be found actual photographs of the Rancho del Chopo plant.

25. This distribution continued undisturbed for approximately one week when the owners of the Rastro concession, as was currently reported at the time and as the facts appear to substantiate, finding that the inhabitants of Mexico City were purchasing Uruapan beef in preference to that killed under the unsanitary conditions existing at the Rastro, had one of the reputed owners of the Rastro, José Yves Limantour, Minister of Finance, order the destruction of several train-loads of beef, upon the alleged ground that the beef had been brought into Mexico City without the payment of certain taxes which it was claimed were due. At the time that Uruapan meat began to be shipped into Mexico City, the Rastro was slaughtering daily approximately 300 cattle, 275 sheep, and 250 pigs. (Annex 2, par. 13, 18, pp. 225, 229; Annex 3, par. 22, p. 279.)

26. As a result of these orders issued by Limantour, the matter of the obligation of the Mexican National Packing Company to pay the taxes claimed by him to be due, was taken by Mr. de Kay before President Diaz, who, relying upon the opinion of Luis Mendez (who was consulted by President Diaz upon the matter), found that the taxes so

claimed to be due, were not due, and Limantour and the other owners of the Rastro were directed to reach an agreement with the Mexican National Packing Company covering their differences. Accordingly, negotiations were begun to that end. (Annex 2, par. 18, p. 229.)

27. Meanwhile, the market for meat at Mexico City was being rapidly absorbed by the Mexican National Packing Company so that at the end of approximately four months from the time Uruapan meat had first entered Mexico City, the business of the Rastro in Mexico City had fallen off approximately 85 per cent. (Annex 2, par. 15, p. 226; Annex 3, pars. 11–12, 22, pp. 275, 279.)

Forced Purchase of Competitors' Business by Company

28. As a result of the negotiations undertaken at the direction of President Diaz, a contract was entered into between the owners of the Rastro and the Mexican National Packing Company, by which the Mexican National Packing Company acquired the concessions of the Rastro Company at a price of $1,250,000 American Gold. This money was paid for the concessions only, as the Rastro Company owned no tangible property. This arrangement was carried out by purchase of the entire capital stock of a company known as the "Rastro de la Ciudad de Mexico S. A.," to which had been transferred the concessions which had been granted to "La Internacional, S. A." The Government of Mexico entered into a contract under date of October 22, 1908, with the Company—"Rastro de la Ciudad de Mexico"—covering the operations of that company. (Dublan y Lozano, op. cit., Vol. 40, pp. 446–452.) This contract modified the concession originally granted to La Internacional, S. A., in a number of important particulars, among them being that the physical property of the Rastro undertaking, which theretofore had only been occu-

pied by the Rastro Company, now became the actual property of the Company, and in addition the Government imposed upon itself the obligation to reduce by one-half, and never to increase above that sum, the taxes which the Company would be bound to pay upon animals slaughtered in the Federal District. This reduction, upon the amount of meat then being consumed in Mexico City alone, amounted to about $250,000 American gold per year. (Annex 2, pars. 19–23, p. 230, and Dublan y Lozano, id.) In Annex 7 will be found photographs of the Rastro and of the subsidiary and auxiliary plants and businesses connected therewith.

29. Concerning this purchase by the Mexican National Packing Company, which, as indicated above, was really made under duress because at the time of the purchase the business of the Rastro had fallen off 85 per cent (Annex 2, par. 15, p. 226), and it was therefore no longer a competitor, General Fernando Gonzales, one of the Directors of the Mexican National Packing Company, and Governor of the State of Mexico, and himself one of the heavy investors in the enterprise, wrote the following letter to the President of the Mexican National Packing Company, the claimant herein:

30. "Secretaria Particular
"Del Gobernador Del Estado De Mexico,
Mexico, October 22nd, 1908.
"John W. de Kay, Esq.,
"*President Mexican National Packing Co.,*
"*Present.*

"My Dear de Kay: Allow me to congratulate you on your great achievement in acquiring the Rastro property. I have always considered the Packing Company's business as a good, safe, sound investment that would pay substantial profits, but by obtaining control of the Rastro, no matter what price you may have had to pay for it, you have improved your

chances in such a way that I am as sure as a man can be that you have established the business so firmly that no competition can possibly hurt it.

"Some months ago I told you that I did not consider the price of two and a half million dollars for the Rastro a fair one, because I knew perfectly well that the investment was not worth that amount and that I could have got it for less, but considering the matter in a businesslike way I can assure you that my personal feeling is, that if you had paid two or three times that amount it would have been worth it on account of the standing you have gained by this acquisition. I do not say this simply as a private citizen or as I might do from the knowledge which I posess of these matters from my high official position, but I say it in a very loyal way as one of the Directors of the Company, a position which I would never have accepted unless I were satisfied as to the future of the Company.

"What you now need is to study and install an economical management of the business, and to try to obtain good, expert men to buy and inspect the cattle, without allowing yourself to be imposed upon by outside influences.

"Renewing to you my congratulations upon your success in having brought to a satisfactory termination your negociations with the Mexican Government and the Rastro, I remain

"Cordially yours,

(Signed) "FERNANDO GONZÁLES."

(Annex 9, p. 309.)

President Diaz Approves Company's Operations

31. In his message to Congress on April 1, 1908, President Diaz stated that:

"Among the various concessions that have been granted for the establishment of new industries in this country, I must make special mention of that of

the Mexican National Packing Company, which has completed at Uruapan, Michoacan, and at Rancho del Chopo, Federal District, a system of packing house, refrigerators, and factories for by-products, constituting a plant which was officially accepted in December last as satisfying the requirements of the concession. Operations were started in January last with beneficial results to public health." (Diario Oficial, April 1, 1908, Vol. 95, p. 446.)

Exportation of Meats to England

32. On February 5, 1909, the Mexican National Packing Company entered into an agreement with Lipton Limited, London, which provided that the Mexican National Packing Company should be the sole agent for Lipton Limited in the Republic of Mexico, and that Lipton Limited were to act as the general sales agents of all products exported, other than hides, by the Mexican National Packing Company in all parts of the world except Mexico itself. (Annex 2, pars. 25–26, p. 232; Annex 8, p. 299.)

33. On April 2, 1909, Directors Sebastian Camacho, President of the National Bank of Mexico, George I. Ham, President of the United States Banking Company, and John W. de Kay wrote the following letter to the British & Mexican Trust Company, Ltd., London:

34. "Dear Sirs: The Packing Company owns and operates a thoroughly modern freehold Packing Plant at Uruapan, Michoacan, including extensive Refrigerating and Ice-making Machinery and Canning Plant, and is equipped with modern machinery and appliances for the slaughtering annually of 225,000 cattle and the same number each of pigs and sheep, and for the manufacture of the by-products resulting therefrom. It is operated throughout by electricity generated from the water power granted in perpetuity to the Company by the State and which is

free for nineteen years. It also owns Cold Stores, Markets and Shops equipped with modern refrigeration in the Cities of Mexico and San Luis Potosi, and is undertaking the establishment of similar Markets and Shops in other parts of the Republic. Its products are transported to the various markets in its own refrigerator Cars.

"The Rastro in the City of Mexico has an annual capacity of 220,000 cattle, 200,000 pigs, and 250,000 sheep, and until the Packing Company began its operations was supplying the meat consumed in the City of Mexico. This plant now has modern refrigeration, and a thoroughly equipped modern plant for the manufacture of all of the tin cans and packing cases required for home and export trade.

"The primary considerations to the Mexican Government for granting the important Concessions recently passed by the Federal Congress and for extending until December 31st, 1926, the Concessions and privileges granted to the Mexican National Packing Company, which have had a like approval by the Congress, were the placing of the meat supply of Mexico upon a sanitary basis, and immediately giving to some of the principal cities and towns outside of the City of Mexico the benefit of the pure meat products, which the Mexican National Packing Company has been supplying to the public in the City of Mexico from its modern packing house at Uruapan, and the products of which have from the beginning been received with great favor by the public.

"The amalgamation of the Rastro Company undertaking, including its exclusive Government Concessions for the City of Mexico, with the Mexican National Packing Company will enable the Packing Company to distribute the products of the Uruapan Plant to meet the existing demand of some of the cities outside the Federal District, and the Company will supply the demand in the City of Mexico and

Suburbs from the established Rastro plant in Mexico City.

"These two undertakings have heretofore been in competition, but with the remodelled plant in the City of Mexico working in harmony as a part of the Packing Company, Mexico will have the benefits which are to be derived from the distribution of the Company's refrigerated pure meat products over a wider area than has heretofore been possible, and the undertaking as such, will be able to retain the trading profits which have hitherto been sacrificed, and substantial economies will now be effected.

"Based upon our actual experience as to the first cost and manufacturing outlay for all products and the prices at which these products have for years past been selling in Mexico City under normal conditions, the amalgamated Companies will (without taking into account the saving of taxes effected under their Concessions from the Government) earn an annual net profit largely in excess of the sum required to meet all of the fixed charges of the undertaking, including all interest charges, and will provide a substantial reserve." (For official copy see Company's files in the hands of the Mexican Government; Annex 8, p. 299.)

35. On April 13, 1909, Mr. John Cansfield, General Manager of Lipton Limited, and Expert Advisor to the Board of the Mexican National Packing Company, wrote to Mr. John W. de Kay the following letter:

36. "I have carefully gone into the terms of your Concessions, together with the estimates and expenses submitted to me of the business of the Mexican National Packing Company. I have no hesitation in saying that under good management your business is capable of extraordinary development and can be made one of the most profitable meat concerns in the world." (For original see Company's files in the hands of the Mexican Government; Annex 8, p. 299.)

37. On April 28, 1909, the Mexican National Packing Company made an issue to the British public of first mortgage, Rastro debentures, at par. (Annex 8, p. 299.) The proceeds of these debentures were to be used to pay for the acquisition of the Rastro undertaking (including certain land which was purchased from the Mexican Government,—Dublan y Lozano, op. cit., Vol. 40, pp. 446–452), for additions to the plant and equipment, and for the general purposes of the enterprise, including working capital. The legal advisors handling this transaction were,—in Mexico City, Luis Mendez, Joaquin D. Casasus, and Francisco Alfaro; in New York, Guggenheimer, Untermyer & Marshall; and in London, Linklater & Co., and Slaughter & May. (Annex 8, p. 299.) It is understood that the counsel consulted in London were Sir Douglas Hogg (in 1927 Attorney General of Great Britain) and Sir Charles Russell. (Annex 2, par. 25, p. 232.)

38. Increase in the consumption of meat in the Federal District of Mexico from 1905 to 1908, inclusive, may be seen from the following tabulation:

	1905	1906	1907	1908
Cattle	129, 688	123, 655	153, 994	156, 834
Pigs	75, 640	68, 324	88, 644	93, 016
Sheep and Goats	175, 640	168, 469	210, 357	189, 468
	380, 968	360, 448	452, 995	439, 318

(Annex 8, p. 299.)

39. Following the arrangement with Lipton Limited, the Mexican National Packing Company pushed its plans for the export of refrigerated meat to Europe, with the result that the first shipment thereof was put upon the market in England on October 7, 1909. On that date the Mexican Herald (under a cartoon representing John W. de Kay

handing a steamship load of "Popo" meats to Sir Thomas Lipton) made the following statements:

40. "Today in Merrie England, in a thousand homes the "English Roast Beef" that with the tankard of ale graces the ends of traditional English boards is roasted beef from the plains of Mexico. For today the Popo beef sent to the great distributing house of Lipton, Limited, is being sold in the markets of England and for the first time in history Mexico is taking a recognized place as a real factor in the great task of feeding the world.

"Since, some three years ago, the first work was begun on the packing houses and on the great system of the Mexican National Packing Company, its movements, the spreading out of its organization, have been watched with deep interest. For all that it promised, for all that it projected that no one ever knew of until the thing was done, it has been meriting and receiving the interest and attention of the people of Mexico.

"Now, in this shipment to England, the company is again "making good" with one of its great promises, that Mexican meats, fresh and cured, would be sold in the markets of the world's greatest capital.

"Argentine and the great Southwest of the United States. Once the purveyors of the meats of the world! A comparatively tiny shipment has gone out from Mexico, but behind it is the promise of what will be done, and back of that is the great company and its organization.

"Mexico as an exporter of rich bullion traces her history back for four hundred years. Mexico as an agricultural country is just beginning to be known to and depended on by her own people. Mexico as a factor in the economic life of the world at large is now taking her place, through the progressiveness and energy of the great company headed by John W. DeKay. That the Mexican National Packing

Company will do what it has promised to do—and even more—is assured now by the success achieved in this the second shipment of Mexican meats, refrigerated or cured, that has ever gone abroad.

"The Packing Company has not spared any expense in the equipment of its great modern plant or in the employment of the best experts in the world. Joseph O'Mara, of Ireland, is in charge of the company's work and export business and the O'Mara brand of hams and bacon are the most famous products in Great Britain, and the O'Mara packing houses are known everywhere.

"It is a matter of great importance to Mexico that the quality, cure and flavor of the "POPO" meats are so acceptable to the British public and that the Packing Company has now opened up this great channel of foreign commerce.

"Two special train loads of the "POPO" meats will be shipped to England next week, and the big regular shipments now being made by the Packing Company will be constantly increased.

"The ranching and railway and shipping interests of Mexico are deeply interested in this movement of the Packing Company, and in various parts of the Republic extensive preparations are under way for improving the breed and increasing the output of live stock for the greatly increased business of the Packing Company." (Annex 10, p. 310; see Annex 3, par. 24, p. 280.)

Negotiations With Diaz for Sale of Business to Mexican Government

41. In 1909 conversations were carried on by Mr. de Kay and other officers of the Mexican National Packing Company with President Diaz regarding the purchase by Mexico of the controlling shares of the Mexican National Packing Company, such control carrying with it the equitable ownership of more than 50% of the assets of the Company.

Briefly put, the reasons as stated by President Diaz for desiring the proposed purchase were these: Large numbers of cattle were yearly exported from Mexico to the United States under circumstances which left the Mexican cattle raisers and the Mexican Government with the impression that the full value had not been received for the cattle, to the detriment not only of the cattle raisers, but of Mexico. In order to overcome this situation it would be necessary to advance funds to the cattle raisers to enable them to carry the cattle and shift their ranges until the cattle were ready for slaughter, when the Mexican National Packing Company plants could absorb them. This operation would require more capital than could be furnished by any private company conducting the meat packing business in Mexico. The operation indeed was so large it would require the support of the Government itself. This fact is important because it was one of the leading considerations which induced Mexico later to purchase the control of the Mexican National Packing Company, Limited.

A further consideration was that under private ownership of the packing business it was impossible to prevent the clandestine slaughter of animals outside the City of Mexico and the bringing into the City of Mexico uninspected meat resulting from such slaughter. As thousands of animals were so slaughtered every year and the meat sold in the City of Mexico, there was a constant spread of tuberculosis and other diseases resulting from bad meat sold to the general public from a great number of privately owned meat shops. Under national ownership and government control and management of the business, it would also be possible to eliminate the "introductors" of live stock whose operations were a great prejudice both to the raisers of live stock and the consumers of meat. Another important consideration induc-

ing President Diaz to discuss the matter, was that the Packing Company controlled by the Government would be able to extend its operations throughout the Republic in the sale of clean, Government inspected meat, as it would enjoy the necessary Government influence to overcome the local opposition which everywhere existed in the towns of Mexico because the local officials either controlled the local Rastros or the local meat shops. (Annex 3, pars. 18, 23, 26–28, pp. 277, 279, 281–2.)

From the first day of its operations every animal slaughtered by the Mexican National Packing Company was subjected to a rigid inspection by Government meat inspectors, and the meat resulting from such slaughter was subject to and always received a similar official inspection. This inspection and the Company's refrigeration and handling of meat reduced the dangers of bad meat to the absolute minimum. The negotiations with President Diaz were not carried to completion owing to the demands of powerful intermediaries who exercised a controlling influence with the Mexican Government and without whose support no important measure, however beneficial to the public, could succeed. As indicating the dangers to the public health which these abuses incurred and the great position and importance of the Mexican National Packing Company's business, some of the many characteristic advertisements of the Mexican National Packing Company, published in all the principal newspapers in Mexico City, are herewith reproduced in the form and language in which they appeared in the Mexican newspapers, but are generally reduced in size. (Annex 2, pars. 39–43, p. 238; Annex 3, par. 30, p. 282; Annex 11, p. 310.)

Business Transferred to Mexican National Packing Company, Limited

42. The Mexican National Packing Company, Limited, was incorporated under the laws of the State of Maine, U. S. A., in 1911, and acquired the business, concessions, and all other properties of the Mexican National Packing Company, the New Jersey Company. The Maine Company issued the following stocks and bonds:

Capital Stock:	
6% Participating Preferred Stock	$9, 000, 000
Common Stock	3, 750, 000
Bonds:	
6% First and Special Mortgage Gold Bonds (authorized)	5, 000, 000
6% Second Mortgage Gold Bonds	1, 500, 000

(Annex 12, p. 350.)

43. The property of the Mexican National Packing Company was, with the consent of the President and Government of Mexico (given and granted by decrees issued by the President and Government of Mexico on October 25, 1912, and October 29, 1912, and November 11, 1912), and with the consent of the Government of Michoacan, transferred to the Mexican National Packing Company, Limited, of Maine. (Annex 12, p. 350.) The prospectus covering the sale of the bonds issued by the Mexican National Packing Company, Limited, set out the property of the Company as follows:

44. "The Company has acquired the assets, concessions and undertaking of the Mexican National Packing Company. The assets include:—

"(A) The Rastro or Packing House in the City of Mexico with upwards of 25 acres of freehold land.

"(B) A freehold estate of upwards of 8 acres situated in the City of Mexico, upon which there is erected a modern cold storage plant with a storage capacity of 1,000 beeves.

"(C) A freehold estate and modern packing house at Uruapan, Michoacan, Mexico.

"(D) A freehold estate and modern cold store situated in the City of San Luis Potosi.

"These properties were valued by Señor Luis Perezcano, Junior, a licensed appraiser of Mexico, at £711,000.

"The assets also include automobile delivery vans, wagons, fixtures, furniture, stores for repairs, etc., valued by Señor Perezcano at £32,000.

"100 Refrigerator railway carriages and certain investments, valued by Señor Perezcano at £24,000.

"In the above valuations no value was placed upon the concessions which give the Company exclusive preferential rights of great value.

"The Company's business has been created under concessions granted by the Government of Mexico, whereby the Company obtains *inter alia* until 31st December, 1926, the following exclusive rights:—

"(1) That all cattle, pigs, sheep and goats slaughtered in the City of Mexico must be slaughtered in the Rastro or Packing House belonging to this Company, and that no other Rastro or Packing House can be built or operated in Mexico City.

"(2) That all the land, plants and other property of the Company shall be exempt from all federal taxation except the stamp tax.

"(3) Freedom from all import duties upon all of the materials required for the manufacture of tin cans and packing cases used by the Company.

"(4) That the Government shall not impose a tax on animals killed by the Company exceeding 1¼ centavos per kilo upon dressed beef, and 2 centavos per kilo upon dressed sheep and goats, and 1¼ centavos per kilo upon pigs, live weight. In respect of all such products as are sold outside a radius of 50 kilometres of Mexico City or exported

from Mexico, this Company is not required to pay any taxes.

"By arrangement with the Mexican Government the Company has, however, paid taxes upon all animals at the time of slaughter, and the amounts paid in respect of products sold outside a radius of 50 kilometres of Mexico City or exported from Mexico have been regularly repaid by the Mexican Government to the Company amounting approximately to 7/– per head on cattle, 8/– per head on pigs, and 7d. per head on sheep and goats. These repayments are not and cannot, until after 1926, be made to anyone else." (Annex 12, p. 350.)

45. Señor Perezcano referred to above was chosen by independent London financial interests to make an appraisal, not of the whole undertaking, but only of the land, buildings, and machinery with the view to enabling the said financial interests to negotiate for the purchase of the undertaking which they proposed to acquire for a British Company. He was not employed by the Packing Company and his low valuation, which ran from only one-fourth to one-third of the actual cost of the properties, was made in the interest of the prospective purchasers who had employed him. (Annex 2, par. 44, p. 240; Annex 3, par. 13, p. 275.)

46. Of the bonds of the new Company, ($5,000,000), but $3,000,000 were to be issued except with the consent of the holders of a majority in value of (1) the 6% First and Special Mortgage Gold Bonds; (2) the 6% Second Mortgage Gold Bonds; and (3) the 6% Participating Preferred Stock. (Annex 12, p. 350.)

47. In the prospectus already referred to and quoted, covering the issue of these bonds to the public—which took place in January, 1913—the following letter was printed from E. B. Towl:

48. "OMAHA, NEBRASKA, *9th December, 1912.*

"To the DIRECTORS OF THE
MEXICAN NATIONAL PACKING
COMPANY, LIMITED.

"DEAR SIRS: I have been engaged in the meat packing business in the United States for 25 years, and of this time I was 21 years general superintendent of The Omaha Packing Company of Omaha, Nebraska.

"I was employed in 1909 to study the conditions surrounding the establishment and development of the meat industry in Mexico and to organize the operating staff in the various plants and branches of the Mexican National Packing Company, and I spent upwards of a year in this work, which necessitated journeys over most of the Republic.

"From the knowledge which I gained while so engaged in Mexico, and from my previous experience, I am able to state the following:—

"The Rastro and Packing House in Mexico City, the Packing House at Uruapan, and the Cold Stores in Mexico City and San Luis Potosi are substantially constructed, the two former of brick, stone, steel and concrete, and the two latter of brick, and they are all equipped with modern machinery, plant, and cold storage, sufficient to deal at a minimum operating cost with the number of animals below mentioned.

"The Company has in Mexico City the necessary plant for the manufacture of tin cans and packing cases required for its local and export business and machine shops for the upkeep of its entire equipment except its refrigerator cars. The Mexico City plant is constructed upon part of a plot of upwards of 25 acres of freehold land, and has accommodation for slaughtering annually 220,000 beeves, 200,000 pigs and 250,000 sheep.

"The plant at Uruapan, which is also on freehold land, has accommodation for slaughtering 225,000

beeves and about a like number of pigs and also of sheep annually.

"At this Packing House is installed a thoroughly equipped modern tinned meat plant, to deal on a large and economical scale with the products not required in the fresh meat trade.

"There is also an ice plant at Uruapan which can manufacture all of the ice needed for the Company's refrigerator cars, as well as that required in the adjacent markets.

"All of the Company's plants are driven by electricity. The electrical power at Uruapan is generated from a river, on the banks of which the Packing House is built.

"The Company also owns in the City of Mexico a further eight acres of freehold land, upon which there is a modern refrigerating plant, with machinery of the best manufacture, and with a present storage capacity of 1,000 beeves.

"The Company also owns refrigerating machinery and electrical equipment sufficient to establish two additional cold storage branches of the same capacity as the San Luis Potosi branch, including in each plant machinery for the manufacture of ice. It also owns like machinery sufficient to install suitable refrigeration in a further fifteen shops.

"The Company owns 100 railway refrigerator cars. These cars, and the refrigerating machinery for the cold stores and shops, are of the best British manufacture.

"There is not in Mexico any other modern packing house which can refrigerate meat for cold storage and tin meat and manufacture by-products. The importance of this will be apparent having regard to the climatic conditions in Mexico.

"Owing to the price of cattle and to the efficient native labour in Mexico, the refrigerated and tinned beef of the Company can be delivered in London at

a less cost per pound than similar products from any any other country now shipping meat to London.

"The cost of slaughtering and preparing cattle, pigs and sheep in Mexico is less than one-third the amount which a similar service costs in any of the best organized packing houses in the United States.

"The local market in Mexico consumes as much fresh meat as can be produced by the present plants of the Company, and as there are over 20,000,000 people in Mexico there is great scope for the extension of this part of the Company's trade.

"There is also an extensive export market for the Company's other products, including refrigerated beef. This market should be further enlarged through the opening of the Panama Canal, to which its plants are the most accessible.

"The Uruapan plant is situated in the centre of the hog-producing area in Mexico, and within a radius of 150 miles of this plant are produced about 40 per cent. of all of the cattle raised in Mexico. The standard gauge railroad which has now been completed to Uruapan will facilitate the handling of the business, which has hitherto had to contend with the disadvantage of a narrow gauge railroad.

"Since I left Mexico the importance of the Uruapan plant has been further increased by the completion of the Southern Pacific to a point within driving distance of Uruapan. As a result of this new development the live stock produced in the rich and important area of Jalisco, Sinaloa, and Tepic are for the first time accessible to Uruapan, where they can be delivered at a minimum cost.

"The pioneer work involved in the establishment of an entirely new industry of such national importance has already been done, and the large amount of capital necessary to be invested in land, Packing Houses, cold storage, refrigerator cars, and general equipment, and to organize and instal a proper system throughout a country as large as Mexico has already

been expended. I consider that the initial difficulties which are inseparable from the development of a new industry of such magnitude have been overcome.

"From the statistics, tabulated figures, and cost sheets which I prepared while in Mexico, and still have, I have worked out what I consider should be the net results from the operations of the Company as at present constituted, and I am of the opinion that with efficient management and £150,000 working capital the following is a conservative estimate of the net profit which should be realized:—

First year	£50, 000
Second year	£125, 000
Third year	£180, 000
Fourth year	£200, 000

"Very truly yours,

"E. B. Towl."

(Annex 12, p. 350; Annex 3, par. 25, p. 280.)

49. The whole of the common stock of the Company except the qualifying shares for directors, were put in a voting trust where the stock was to remain until the issue of bonds was redeemed. (Annex 12, p. 350.)

50. The various officers, trustees, bankers, etc., connected with this issue of bonds are as follows:

Trustees for the Six Per Cent. First and Special Mortgage Gold Bonds.

Central Trust Company of New York.

Trustees for the Six Per Cent. Second Mortgage Gold Bonds.

The Farmers' Loan and Trust Company, New York.

Voting Trustees.

Sir Frank Crisp, Bart., 17 Throgmorton Avenue, E. C.

Pedro Suarez, 158 Fenchurch Street, E. C.

The third Voting Trustee will be appointed in due course.

Solicitors to Voting Trustees.

ASHURST, MORRIS, CRISP & Co., 17 Throgmorton Avenue, London, E. C.

Directors.

FRANK MORRIS CRISP, 5 Lansdowne Road, W.

L. H. DE FRIESE, New York and London.

JOHN W. DE KAY, 111 Broadway, New York.

SHIRLEY H. JENKS, Cannon Street House, E. C.

GUSTAVO KAISER, of Suarez & Co., 158 Fenchurch Street, E. C.

LOUIS SOUCHON, Thorpe House, Bedford.

W. E. STAVERT, Montreal and Mexico City.

S. PEREZ TRIANA, 45 Avenue Road, N. W.

Bankers in London.

PARR'S BANK LTD., Bartholomew Lane, London, E. C.

Bankers in Mexico.

BANK OF MONTREAL.

Commercial Agents.

CHALMERS, GUTHRIE & Co., LTD., 9 Idol Lane, London, E. C.

Solicitors for the Company.

SLAUGHTER & MAY, 18 Austin Friars, London, E. C.

Auditors.

HASKINS & SELLS, 30 Coleman Street, London, E. C.; and 30 Broad Street, New York.

(Annex 12, p. 350.)

51. The first mortgage bonds of the Company were sold in London in 1913 to net the Packing Company 85% of par. The entire proceeds thereof, except the amount required for interest charges, were invested in plant equipment and the development of the business, as the books of the Company will show. (Annex 2, pars. 46–47, p. 240.)

52. Sebastian Camacho, President of the National Bank of Mexico and President of the Federal Senate, who was also

one of the Directors of the original Company, and a man therefore fully conversant with all of its operations and vicissitudes from the beginning, had the following to say regarding the reorganization thus perfected, and the odds against which the business of the Company had been formed and established.

53. "Mexico, *May 18th, 1912.*

"John W. de Kay, Esq.,
Pres't. of the Mex. Nat'l. Pckg. Co.,
197 Winchester House, Old Broad Street,
London, E. C.

"My Dear Friend: Yesterday I complied with your instructions contained in your cable addressed to me for the purpose of carrying into effect the agreement you were to execute for the assignment of the main Assets, concessions and undertaking of the old Mexpac to the Mexican National Packing Company Limited.

"Now I have the pleasure to congratulate you sincerely for the success attained after a struggle of several years against our rivals in the great enterprise you established in Mexico, despite their efforts to obstruct such success.

"This success is mainly due to your genius, labor, wonderful activity and colossal learning with which you have conducted the Enterprise that I shall not call it titantic because this word is now of fatal remembrance and it will recall forever a tremendous and horrible disaster without record in the history of the world; but I will call it colossal in its details and admirable works that have given as a result that you will immortalize your name which will not be disjoined in the future of the great Enterprise known as Mexican National Packing Company, and for it I congratulate you with great pleasure and admiration on such result as a consequence of a labor really extraordinary and for which you have had the fortune of counting with the good sense, intelligency

and faith of a large part of capable men among the people of the United States as well as with the assiduity, foresight and knowledge of capable business men of the great English people. Neither one nor the other of those people will be disgusted on account of the great success attained in the development of the great enterprise you have founded and carried out overpowering enormous difficulties, work that must have elevated you in the consideration and sympathy of the two great people who associated to one part of the Mexican people are in the front of the Mexican National Packing Company.

"Unfortunately the political events that in the last fifteen months have occurred in our Republic, must have demoralized in part to many of our cooperators, being I sure that you maintained the great consideration that the natural elements and resources of Mexico cannot be detained in its development and will be over any kind of obstructions which have arisen from the lack of good sense prevailing at present and will be overpowered by the real and effective interests connected with the educated people of all over the world, who have had and have at present faith in the splendid future of this country called to be counted among the civilized nations of the world.

"As soon as our works will take the normal course to which will be subjected to give sure results, confidence and reassuring situation will come as well as the prosperity of the enterprise called to figure among the most notable ones in this country.

"Honor to Mr. John W. de Kay and also honor and applause to men of good will that in the United States and in the famous England have associated themselves to establish an industry called to occupy a distinguished place among the principal ones cultivated by the human effort.

"Our friends Lawyer Francisco Alfaro and his notable son Don Gonzalo Alfaro, our good and excellent friends, deserve also my most friendly and sincere congratulations for their remarkable cooperation in

the works that they have performed in Mexico corresponding in such a manner to the remarkable learning you have devoted to the Enterprise to which we have the honor to belong sharing our assiduity and good will and complying with our duty in the limit of our capacity and ability.

"Sending my most friendly salutes to you and your esteemed wife and children, I remain

"Very sincerely your friend,

"S. CAMACHO."

(Annex 13, p. 360.)

54. On June 14, 1911, President Madero issued a decree which approved the transfers of properties from the Mexican National Packing Company to the Mexican National Packing Company, Limited. On December 11, 1911, he issued a decree revoking the earlier decree of approval, but this decree was in turn revoked by a decree issued by him October 25, 1912, to which reference has been already made. (Par. 43.) With reference to the act of President Madero in revoking by decree his decree of June 14, 1911, John W. Griggs, one time Attorney General of the United States, gave the following opinion:

"DECEMBER 12, 1911.

"JOHN W. DE KAY, Esq.,
20 Broad Street,
New York City.

"DEAR SIR: I have read the decree of the President of the Republic of Mexico dated December 7, 1911, purporting to revoke the decree of the Mexican Government of June 14, 1911, which latter decree expressly gave the consent of the Mexican Government to the transfer of the concessions theretofore granted to the Mexican National Packing Company and subsequently transferred to the British & Mexican Trust Company, Ltd., and by the latter transferred to the Mexican National Packing Company, Ltd. The decree of June 14, 1911, was absolute in its terms, merely attaching as a condition that within a period of two months the deed containing the said transfer—that is to say, the one made to the Mexican National Pack-

ing Company, Ltd.—will be made more extensive, in the sense that that company accepts all the obligations which in favor of the Government are imposed by the said concessions. This condition was expressly complied with within the time named and no complaint or objection has been made by the Mexican Government that this condition has not been fulfilled, nor is this condition alluded to in the decree of December 7, 1911.

"Relying upon the validity of the transfer of June 14, 1911, the Mexican National Packing Company, Ltd., has issued its capital stock and its bonds and has distributed them to a large number of persons, who are now bona fide holders thereof.

"In my opinion, this pretended revocation of the consent given by the decree of June 14, 1911, is not only a gross violation of the rights of the company and its security holders, but is in law and justice absolutely void. The decree of revocation was made without any notice whatever, as I am informed, to any of the parties interested, no hearing was had, and no allegations were made so far as appears, except in a petition presented by a hostile creditor of the old company whose claim is disputed. A consent given as was given the consent of June 14, 1911, cannot be revoked, reopened or reconsidered when upon the strength of its validity rights have intervened and vested. The only way in which this decree of December 7, 1911, can be enforced is by lawless violence exercised on the part of the Mexican Government to prevent the company from exercising its franchises granted by these concessions. Whether such extreme steps would be taken is very doubtful, but, if they were, they would be the proper subject of intervention on the part of the governments whose citizens are the holders of the securities of the Packing Company.

"Very truly yours,

"JOHN W. GRIGGS."

(Annex 14, p. 360.)

Part II

SALE OF CONTROL OF MEXICAN NATIONAL PACKING COMPANY, LIMITED, TO MEXICO

(a) Preliminary Negotiations in London

55. In the early months of 1913 the claimant, then in London, entered into discussions with the Financial Agent of the Mexican Government in London, Mr. Luis L. de la Barra, with a view to having him place before the Mexican Government a proposal to sell to Mexico 51 per cent of the Voting Trust Certificates, representing in turn 51 per cent of the ordinary stock of the Mexican National Packing Company, Limited, which constituted the control of said Company and the equitable ownership of 51% of the assets of the company. Mr. de la Barra took up the matter with his Government by cable with the result that in June 1913 Mr. de la Barra informed the claimant that the Mexican Government had agreed in principle to the proposal made and invited the claimant to come to Mexico to discuss the matter in detail with the Mexican Government. (Annex 2, paragraphs 48–49, p. 240.)

LOAN CONTRACT WITH THE INTERNATIONAL BANKING GROUP

56. Coincidentally with this negotiation between the Mexican Government and the claimant, through Mr. de la Barra, respecting the purchase by the Mexican Government of the control of the Mexican National Packing Company, Limited, Mr. de la Barra, as Financial Agent of the Government of Mexico in London, conducted negotiations with certain bankers (hereinafter named) for the making of a loan to Mexico. (Annex 2, paragraph 50, p. 241.)

57. On May 30, 1913, a decree of President Huerta proclaimed a law passed by the Mexican Congress authorizing the Executive to borrow for the Mexican Government

£20,000,000 sterling. (Diario Oficial, Vol. 126, May 30, 1913, p. 362.)

Pursuant to this law a loan contract dated June 8, 1913 was entered into between the Government of Mexico, acting through the said Luis L. de la Barra, and the following bankers:

58. National Bank of Mexico, Mexico.
Banque de Paris et des Pays-Bas, Paris.
Societe Generale pour favoriser le developpement de Commerce et L'Industrie en France, Paris.
Comtoir National de 'Escompte de Paris.
Banque de l'Union Parisienne, Paris.
Morgan, Harjes & Co., Paris.
A. Spitzer & Cie., Paris.
S. Bleichroder, Berlin.
Deutsche Bank, Berlin.
Dresdner Bank, Berlin.
J. P. Morgan & Co., New York.
Kuhn, Loeb & Co., New York.
Morgan, Grenfell & Co., London.

The loan was designated under the name of "Bonds of the Treasury of the Mexican Federal Government 6%, 10 Years, 1913." (Annex 15, p. 360.)

59. This contract provided (Article First) for the issuing of £16,000,000 of the £20,000,000 authorized by the law. (Annex 15, p. 360.)

60. Of this sum of £16,000,000, £6,000,000 were taken firm at 90. (Article Seventh.) For the balance of the £16,000,000 covered by the agreement, namely £10,000,000, the Banks had an option to take £5,000,000 six months from the date which the Banks fixed for public subscription, which according to the Prospectus issued by Morgan, Grenfell & Co., of London, was July 1, 1913. (Annex 16, p. 377.) The banks might take the remaining £5,000,000 at any

time within one year from the same date. (Article Twelfth.) The bonds were to be taken under these operations at 90. (Annex 15, p. 360.)

61. The contract also provided (Article Thirteenth) that at no time within two years from the date fixed for the public subscription of the first issue (that is, two years from July 1, 1913) should the Government of Mexico conclude or issue any external loan of the public debt, nor should it sell any bonds of the treasury, or bonds payable in gold, including the bonds of the present loan, for which options had not yet been exercised, without previous agreement with the Banque de Paris et des Pays Bas, for itself and for the contracting groups. The two-year period would expire on July 1, 1915. (Annexes 15, p. 360, and 16, p. 377.)

As already stated, the £6,000,000, sterling, taken firm by the bankers under the contract dated June 8, 1913, were offered to the public under date of July 1, 1913, (Annex 16, p. 377) and allotments to the subscribers were made about July 3, 1913. (Annex 2, paragraph 52, p. 241.)

62. Subsequent to this time, namely September 30, 1913, an agreement was made between the Mexican Government on the one part and the National Bank of Mexico (one of the foregoing International Group that took the first £6,000,000 of bonds), the Bank of London and Mexico, and the Mexican Bank of Commerce and Industry, "on their own behalf and for the other banks, banking houses, firms, and companies who may accept as participators," by which the Banks advanced to the Government $10,000,000, which advance might under contingencies be increased by $8,000,000, upon the security of the "Treasury Bonds of the Mexican Federal Government, 6%, 10 years, 1913," which bonds might be taken, under certain contingencies named, as pay-

ment for such advances, at the price of 85. (Annex 17, p. 381.)

(b) Negotiations in Mexico City, 1913–1914

63. Responsive to the invitation of the Mexican Government extended to the claimant as a result of his preliminary discussions with the Financial Agent of the Mexican Government in London, Mr. Luis L. de la Barra (the gentleman who negotiated with the International Bankers the agreement for the issue of bonds which have never been repudiated) covering the sale to Mexico of the control of the Mexican National Packing Company, Limited, the claimant proceeded to Mexico where he arrived in September 1913. Until his arrival in Mexico City, the claimant had never met President Huerta, nor had he met any member of President Huerta's cabinet. (Annex 2, paragraphs 53–54, p. 241.)

64. Discussions with reference to the sale referred to, began in October 1913 between President Huerta and the claimant. These discussions followed the same general lines as those which had taken place between the claimant and President Diaz in 1909. They continued along these lines and in the manner set out in the claimant's affidavit, one of the outstanding features of the negotiations being the consulting by President Huerta and his cabinet of the leading live stock growers of Mexico. (Annex 3, pars. 31–33, p. 283.)

65. As matters appeared to be progressing somewhat slowly, the claimant on October 31st requested from President Huerta an intimation, if it could be given, as to what was likely to be the decision of the Mexican Government in the matter. (Annex 2, Paragraph 59, p. 243.) To this

letter of inquiry President Huerta replied under date of November 3, 1913, as follows:

[Translation]

Private Correspondence of the President of the United States of Mexico.

MEXICO, *November 3, 1913.*

Mr. JOHN W. DE KAY,
Present.

DEAR SIR: I received yesterday your esteemed letter of October 31 last, and with regard thereto I advise you that the matter referred to has been submitted to the study of the Minister of Finance, and only after this study is made can a definite decision be taken in the subject. Thus I am advising you so that you may be guided in your negotiations, avoiding any misunderstanding that might lead you to believe that the matter has already been decided favorably in accordance with your proposal. You may rest assured that every attention will be given to the matter and that it will be decided in all equity, having due regard only for the public interest.

In due time you will be advised of the result of the study made by the Minister of Finance and you will be able to discuss the matter with him.

I thank you for the good wishes toward the Nation manifested in your same letter, and I remain, etc.

(signed) V. HUERTA.

(Annex 18, p. 388.)

APPOINTMENT OF SPECIAL COMMISSIONS BY GOVERNMENT TO STUDY QUESTION

66. Later (January, 1914) the claimant was advised by President Huerta that two Commissions had been appointed to investigate the matter, a Technical Financial Commission and a Commission of Legal Experts, and that both these Commissions had reported favorably upon the project. The

claimant also learned that the stock growers, who had been called into conference, were likewise unanimously in favor of the purchase by Mexico of the control of this Company. (Annex 2, paragraphs 68–88, p. 246; Annex 3, pars. 16, 33–34, pp. 276, 283.)

67. Prior to the recess taken by the Congress of Mexico in 1913, it passed a law which was promulgated on December 17, 1913, and which stated that "during the coming recess of the Congress, the Executive of the Union is empowered to dictate in the Departments of Interior, Finance and War all of the measures he deems to be necessary in order to effect the complete pacification of the Country," with the direction that "the Executive will render to Congress in the next period of its session an account of the use he has made of this power." (Diario Oficial, Vol. 129, p. 433, Dec. 17, 1913.)

68. Pursuant to the authority conferred by Congress upon President Huerta by this law promulgated December 17, 1913, he issued on January 8, 1914, (Diario Oficial, January 9, 1914, Vols. 130–131, p. 91) a decree which provided for the issuance of bonds of a Six per cent Interior Public Debt in the sum of 25,000,000 pesos, which sum was to be used for the purchase of 51 per cent of the Voting Trust Certificates of the Mexican National Packing Company, Limited, (which carried with it the equitable ownership of 51% of the assets of the Company) for the payment of arms and munitions already ordered, and for the general use of the Government of the balance remaining after the two foregoing objects were met. In this connection it is to be noted that the law passed by Madero's Congress and promulgated May 30, 1913, provided for a bond issue of 30,000,000 pesos to cover salaries of personnel and equipment of the Army. (Diario Oficial, Vol. 126, p. 362, May 30, 1913.)

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69. Accordingly on January 8, 1914, President Huerta and his cabinet having determined so to do on the reports of the two Commissions above named, and the decision of the Minister of Finance, entered into a contract with the claimant herein for the purchase of the control of the Mexican National Packing Company, Limited, (which purchase covered the equitable ownership of 51% of the assets of the Company) and for the purchase of arms and ammunition. (Annex 19, p. 402.) There was also another contract (January 10, 1914) making provision for the payment of sums already owing on account of arms and munitions purchased by Presidents Diaz and Madero during their incumbency, and for the purchase of further arms for the use of the Mexican Government. (Annex 20, p. 419.)

70. It should be said here, as will be apparent from an examination of the contract (Annex 19, p. 402), that there is no legal relation or inter-dependency between those provisions of the contract which cover the purchase of the 51 per cent of the Voting Trust certificates of the Mexican National Packing Company, Limited, and those provisions which cover the purchase of arms and ammunition. This becomes perfectly clear when the facts are noted (1) that a separate contract covering the purchase of arms and ammunition (Annex 20, p. 419) was made two days later than that on which the contract was made that provided for the purchase of the Voting Trust certificates, and (2) that in the later contract of March 2, 1914 (Annex 21, p. 424) the two transactions were made entirely separate and distinct, and Mr. de Kay's obligations with reference to the arms part of the contract of January 8, 1914 were declared to be fully consummated upon the signing of agreements mentioned in this contract, which agreements were signed on

March 6, 1914 (Annexes 22, p. 430 and 23, p. 437). This observation is made in order that the independence of the two parts of the contract of January 8, 1914, may not be lost sight of, and to make clear that the present claim has nothing to do with any arms or munitions contracts nor with any transaction connected with such contracts.

(c) Contract of January 8, 1914, for the Purchase of the Voting Trust Certificates of the Mexican National Packing Company, Limited. (Annex 19, p. 402)

71. In the First Clause of this contract is a statement as to the concessions owned by the Mexican National Packing Company, Limited, the particulars and dates as to which were supplied by the Ministry of Finance of the Mexican Government at the time of the making of the contract. This clause also set out and specified certain of the physical properties owned by the Mexican National Packing Company, Limited, as follows:

(A) Rastro of the City of Mexico.

(B) Packing House at Uruapan.

(C) Cold Storage Warehouse at Rancho del Chopo in the City of Mexico.

(D) Cold Storage Warehouse in San Luis Potosi.

(E) Ninety-five refrigerator cars, delivery vans and other machinery and equipment.

The above list of properties was furnished to the Ministry of Finance by the claimant herein.

72. It thus appears that the Mexican Government was fully advised as to the physical properties which were owned by the Mexican National Packing Company, Limited, as also it must obviously have known of the concessions which the Company held from the Government of Mexico.

73. Clause Second of this contract set out in detail the capital and obligations of the Mexican National Packing Company, Limited, as follows:

74. "SECOND. The Capital of the Mexican National Packing Company, Limited, and the Bonds which have been issued are as follows:

"(a) 3,750,000 dollars Common stock fully issued and paid.

"(b) 9,000,000 dollars Preferred Stock with the right to receive six per cent dividends but with no guarantee that they will have such dividends.

"These shares have been fully issued.

"(c) FIRST MORTGAGE BONDS for the value of 3,000,000 dollars drawing six per cent interest per annum issued under agreements made between the Mexican National Packing Company, Limited, and the Central Trust Company of New York dated the 27th day of January 1911 and the 29th day of November 1911 on the understanding that said bonds are to be paid off on the 27th day of January 1931.

"(d) SECOND MORTGAGE BONDS for the value of 1,500,000 dollars drawing six per cent interest per annum issued under agreement made between the Mexican National Packing Company, Limited, and the Farmers' Loan and Trust Company of New York dated the 1st day of July 1911 on the understanding that such bonds are to be paid off on the 1st of July, 1931.

"The control of the Mexican National Packing Company, Limited, is vested in three voting Trustees named by the holders of 51 per cent of the Voting Trust certificates. These certificates represent an equal amount in the Common Stock of the Mexican National Packing Company, Limited. A copy of

the Voting Trust agreement dated the 4th of November 1911 is attached to this Contract and marked as Exhibit No. 1."

75. Thus the Mexican Government was fully advised as to the assets, capitalization, and position in general of the Mexican National Packing Company, Limited, the control and major equitable ownership of which it was purchasing.

76. By Clause Third of the contract the claimant stipulated that he was the owner of the 51% of the Voting Trust Certificates of the Mexican National Packing Company, Limited, and that they constituted the control of said Company as set out in the Voting Trust Agreement.

(The paragraph preceding Clause Third of the contract stated, as quoted above, that these Voting Trust Certificates represented an equal amount of the common stock of the Mexican National Packing Company, Limited, and that a copy of the Voting Trust Agreement was attached to the contract.)

77. Clause Fourth stipulated that the Mexican Government purchased from Mr. John W. de Kay, the claimant herein for the sum of 10,000,000 pesos, 51% of the Voting Trust Certificates of which he was the owner.

The contract specified the rate of exchange at which the peso was to be computed and according to this rate the purchase price agreed to be paid by Mexico to the Claimant herein for the Voting Trustee Certificates sold by and delivered by him to Mexico was $4,971,250 United States gold, which is the amount claimed herein by the Claimant plus interest from 1st July, 1914.

This contract further provided that the Mexican Government was to create an issue of 25,000,000 pesos of the Interior Public Debt and that the payment of the interest and principal of said debt was to be guaranteed "with the products of the taxes collected at the Rastro in the City of

Mexico" (which was the designation for the Packing House owned by the Mexican National Packing Company, Limited, in the City of Mexico). These bonds were to be created pursuant to a decree issued on the 8th of January 1914 (Diario Oficial, Vols. 130–131, p. 91, January 9, 1914), which decree was issued pursuant to the Act of Congress of Mexico of December 17, 1913 (Diario Oficial, Vol. 129, p. 433, Dec. 17, 1913).

This clause also provided that of the 25,000,000 pesos of the bonds to be issued under the decree of January 8, 1914, 10,000,000 pesos should be applied to the payment of the claimant for the 51% of the Voting Trust Certificates of the Mexican National Packing Company, Limited, sold by the claimant to Mexico and the remaining 15,000,000 pesos of said loan was to be taken firm by the claimant herein at 85 per cent of their par value for which he was to place at the disposal of the Mexican Government the sterling equivalent of said bonds, said sum to be disposed of by the Mexican Government according to the terms of the contract. This clause was amended by the contract of March 2, 1914 hereinafter referred to. (Annex 21, First, A.)

78. By Clause Fifth of the contract the Mexican Government unconditionally guaranteed the due payment of the interest and principal of the two series of bonds issued by the Mexican National Packing Company, Limited, listed in Clause Second of the contract quoted above and amounting to $4,500,000 American gold.

79. Clause Sixth of the contract provided for the payment of interest and principal of the bonds of the Interior Public Debt to be issued under the decree of January 8, 1914 (said principal and interest being payable from the taxes collected from the Rastro, Clause Fourth, A). This Clause Sixth was suppressed by the contract of March 2nd, 1914, hereinafter referred to. (Annex 21, First, B.) This

suppression enabled Mexico to collect and retain for other purposes the great sums paid daily as taxes on the slaughter of animals at the Mexico City plant of the Packing Company. (Annex 21, First, B and D.)

80. Clause Seventh of the contract provided for the delivery to the claimant of Provisional Certificates and Definitive Bonds representing the 10,000,000 pesos which were to be paid to him for the 51% of the Voting Trust Certificates of the Mexican National Packing Company, Limited. This clause was amended by contract of March 2nd, 1914. (Annex 21, First, C.)

81. Clause Eighth of the contract specified the rate of exchange which would exist between the Mexican pesos and English money.

82. Clause Ninth of the contract allocated the taxes collected at the Rastro in the City of Mexico to the service of the bonds of the Interior Public Debt created by the decree of January 8, 1914, and provided the manner in which this service should be conducted. This clause was rendered obsolete by the contract of March 2nd, 1914, which gave to the Mexican Government the right to "dispose freely" of the taxes collected at the Rastro in Mexico City. (Annex 21, First, D.)

83. Clause Tenth of the contract which provided that the bonds of the Interior debt would be exempt from taxation, and Clause Eleven, which provided for the distribution of the proceeds of those bonds, were suppressed by the contract of March 2nd, 1914. (Annex 21, First, E.)

84. The first three paragraphs of Clause Twelfth of the contract stipulated the manner in which the proceeds of the 15,000,000 pesos bonds of the Interior Public Debt were to be placed at the disposal of Mexico. These paragraphs were suppressed by the contract of March 2nd, 1914. (Annex 21, First, F.)

The last two paragraphs of Clause Twelfth related to the appointment by the Mexican Government of three Voting Trustees for the Mexican National Packing Company, Limited, the appointment to be made at the time of the delivery by the claimant of the 51% of the Voting Trust Certificates of said Company, and to the nominating and appointing by these three Voting Trustees of the Board of Directors of the Mexican National Packing Company, Limited. These paragraphs were retained under the contract of March 2nd, 1914. (Annex 21, First, F.)

85. Clause Thirteenth of the contract related to the payment of the existing debts of the Mexican National Packing Company, Limited, by the claimant, except those debts which were represented by the capital stock and bonds of the Company which were issued and outstanding as listed in Clause Second of the contract.

86. Clause Fourteenth of the contract stipulated that, upon the delivery to the Mexican Government of the 51% of the Voting Trust Certificates of the Mexican National Packing Company, Limited, by the claimant, the holders of the First and Second Mortgage bonds of the Mexican National Packing Company would have the right to present the said bonds to the Financial Agent of Mexico in London for the endorsement thereon of the obligation of the Mexican Government guaranteeing the payment of the interest and principal of the said bonds (as stipulated in Clause Fifth of the contract), and the Mexican Government obligated itself to give the necessary instructions to the Financial Agent in London to make such endorsement upon said bonds.

87. Clause Fifteenth of the contract related to the possibility of furnishing to the Mexican Government arms and ammunition in excess of those which were to be purchased with the proceeds of the 15,000,000 pesos of the Interior

Debt and if the claimant herein wished to furnish additional armament, such was to be paid for by bonds of the 6% External Gold Loan of 1913 at 90 per cent of their par value, which bonds were to be identical in all respects with the bonds issued by the International Banking Group in 1913.

88. Clause Sixteenth of the contract relieved the claimant from the responsibility for any delays that might occur on the part of the Government in the inspection and passing of arms and munitions which the said Government had agreed to buy.

89. Clause Seventeenth of the contract related to the marketing of the bonds of the Interior Public Debt under the decree of January 8, 1914. This clause became obsolete because of the new contract of March 2nd 1914. (Annex, 21, p. 424.)

90. Clause Eighteenth of the contract related to giving of "notice" or "advise" to the Mexican Government.

91. Clause Nineteenth of the contract related to the expense for legalizing the contract and for the payment of foreign taxes on the bonds of the Interior Debt.

92. The contract was signed by Mr. John W. de Kay, the claimant herein, and by Señor Pascual Luna y Parra, Subsecretary of Finance and Public Credit, representing the Federal Executive.

93. The signature of Señor Pascual Luna y Parra was certified by the Undersecretary of Foreign Affairs signed by Señor G. Fernandez MacGregor, Chief Clerk of the Foreign Office, and Señor MacGregor's signature was attested by the British Minister, by the Consul General of the United States, and by the Japanese, Spanish, French, Belgian, German and Italian Consuls in Mexico. (Annex 19, p. 402.)

(d) Independent Contract of 10th January, 1914, Regarding the Purchase of Arms. (Annex 20, p. 419)

94. On January 10th, 1914, a contract was entered into between the Minister of War and Marine, General of Division Aurelio Blanquet and Mr. de Kay, by the terms of which Mexico agreed to purchase from Mr. de Kay, if he chose to furnish it, armament to the value of more than $17,300,000 United States gold. (Annex 20, Clause I, p. 419.)

95. As stated in paragraph 70 there was no relationship whatever between the sale of the control of the Mexican National Packing Company, Limited, to the Mexican Government and the purchase of arms and munitions for the Mexican Government. The one transaction was entirely independent of the other and Mr. de Kay's right to furnish the armament was in no sense an obligation for him to do so. The only obligation which Mr. de Kay undertook beyond that of selling the 51% of the Voting Certificates of the Mexican National Packing Company, Limited, to Mexico, and of delivering said Certificates to the Mexican Government, was his agreement to take firm 15,000,000 pesos of the Interior Public Debt of Mexico and to place the proceeds thereof at the disposal of Mexico to use as it saw fit, Mr. de Kay only taking the right to apply the proceeds of the bonds taken firm by him to payment for armament if he saw fit. (Annex 19, Clauses, Fourth, b (B); Eleventh, B, and following; Twelfth; Fifteenth; Sixteenth.)

When the Mexican Government abandoned the idea of creating the Interior Public Debt of 25,000,000 pesos, in order to have at its disposal the great sums collected daily from the slaughter of animals at the Packing Company's plant in Mexico City, a part of which, through the assistance and cooperation of Mr. de Kay, might have been applied to the service of bonds for the payment for arms already contracted, it necessarily followed that all obligation of

Mr. de Kay to subscribe for bonds of that Interior Public Debt automatically terminated, and with such termination there obviously went all stipulations covering the purchase of arms with such bonds or with the proceeds thereof.

The contracts hereafter to be referred to (Annexes 20, p. 419, and 21, p. 424) will themselves show that the complete transaction as finally agreed to between the claimant, Mr. de Kay, and the Mexican Government, was that Mexico should buy and Mr. de Kay should sell 51% of the Voting Trust Certificates of the Mexican National Packing Company, Limited, and that, as to armament all that was done was to arrange for a disposal by Mr. de Kay, of the Mexican Government External Bonds of 1913 Loan to pay the debts created by the Governments of Presidents Diaz, Madero, and Huerta, and to provide for the deliveries of further armaments to Mexico under contingencies specified (Annex 20, Clauses I and II; Annex 21, Clause First, C). The one transaction was entirely independent of the other, and the great sum involved in the January 10, 1914, contract of $20,500,000 United States gold (Annex 21, Clauses I and II), represented armament which Mr. de Kay might sell to Mexico if he wished, but as to which no obligation existed on his part to do so.

As, however, the first contract of January 8, 1914, contained provisions as to armament it is believed that the Commission will be better able to see the complete independence of the two transactions if the substance of the agreement relating to Mr. de Kay's right to furnish arms is herein set out.

96. The provisions of the contract of the 10th of January, 1914, may be summarized as follows (Annex 20, p. 419):

97. By Clause I the Mexican Government agreed to purchase from Mr. de Kay certain specified arms and munitions amounting to more than $17,300,000 United States currency;

the agreement did not impose upon Mr. de Kay the obligation to furnish said armament.

98. Clause II gave a list of contracts which were already in existence for the purchase of arms and munitions amounting to 6,415,973.38 pesos. A part of this sum was owing from the time of the Government of Presidents Diaz and Madero and copies of the contracts relative thereto were to be delivered to Mr. de Kay "for his information and guidance in arranging for the payment and shipment of the above mentioned arms and ammunition."

99. Clause III referred to Mr. de Kay's agreement (Annex, 19, p. 402) with the Department of Finance to place at the disposal of the Mexican Government certain arms and ammunition representing 6,415,973.38 pesos as part of the proceeds of the 15,000,000 pesos of bonds of the Interior Public Debt which Mr. de Kay was taking firm or to pay in lieu thereof cash amounting to 6,415,973.38 pesos, and provided that delivery of shipping documents covering such arms and ammunition should constitute compliance with the contract.

The armament contracts referred to in this clause were contracts in respect to every one of which the Mexican Government was then in default on its payments. (Annex 2, par. 85, p. 251.) This clause was suppressed by the contract of March 2nd, 1914. (Annex 21, First, C.)

100. Clause IV provided that Mr. de Kay had the right to deliver armament to the Mexican Government to the value of 6,334,026.62 pesos which, together with the sum specified in Clause III (6,415,973.38), equaled 12,750,000 pesos, and which was the equivalent of the 15,000,000 pesos of the Interior Public Bonds at 85% which Mr. de Kay had agreed to take firm by his contract of January 8, 1914. (Annex 19, p. 402.) Mr. de Kay was authorized, in lieu of the armament, to pay the sums in cash.

This Clause IV was suppressed by the contract of March 2nd, 1914. (Annex 21, First, C.)

101. Clause V provided that within forty (40) days after the carrying out of Clause IV Mr. de Kay would advise the Mexican Government whether he was prepared to furnish the whole of the arms and munitions specified in Clause I, but did not impose upon Mr. de Kay an obligation to provide said armament. By the contract of March 2nd, 1914, Mr. de Kay retained "all of the rights conferred upon him" by this clause but without imposing an obligation upon Mr. de Kay to furnish any armament. (Annex 21, First, C.)

102. Clause VI provided that if Mr. de Kay supplied to the Mexican Government armament exceeding the value of 12,750,000 pesos he was to be paid therefor in bonds of the External Gold Loan of 1913 at 90% of their par value, such bonds to rank in all respects *pari passu* with the bonds of the same issue sold to the International Group of Bankers in 1913. This Clause was amended by the contract of March 2nd, 1914. (Annex 21, First, C.)

103. Clause VII of this contract stipulated that Mr. de Kay was not to be responsible for any delays which might be caused by the Mexican Government through its failure to comply with its part of the contract or through any delay which it might cause in the matter of inspecting and passing upon armament.

104. Clause VIII stipulated that the contract should be signed in duplicate and Clause IX provided that as the payments were to be made by the Mexican Government in bonds the payment of any stamps on the contract with the Government was waived, as was also waived the payment of Mexican consular fees in respect of shipments that might be made to the Mexican Government.

105. The contract was signed by Mr. John W. de Kay, the claimant herein, and by General A. Blanquet, Minister of War and Marine, representing the Federal Executive.

106. The signature of General A. Blanquet was certified by the Undersecretary of Foreign Affairs signed by Senor G. Fernandez MacGregor, Chief Clerk of the Foreign Office, and Senor MacGregor's signature was attested by the British Minister, by the Consul General of the United States, and by the Japanese, Spanish, French, Austro-Hungarian, German and Italian Consuls in Mexico. (Annex 21, p. 424.)

(e) Negotiations in Europe

107. Upon the conclusion of the two foregoing contracts of January 8, 1914 (Annex, 19, p. 402) and of January 10, 1914 (Annex, 20, p. 419) the claimant herein proceeded to Europe to consult with the companies in Paris to which the Governments of Presidents Diaz, Madero, and Huerta were indebted in respect of arms and munitions contracted for by said Governments. Money was owing to these Companies by all three of the above Mexican régimes, and the contracting companies would not proceed with their contracts until the old debts of the previous Mexican Governments had been paid or satisfactorily arranged. (Annex 2, par. 85, p. 251.)

108. The principal director of the leading Company was M. Camberfort, managing director of La Compagnie des Forges et Acieries de la Marine et d'Homecourt, (St. Chamond). In discussing with Mr. de Kay the position of the Mexican Government's debt for arms previously contracted for, Mr. Camberfort pointed out that the amount of the contracts already existing between his company and Mexico was more than $4,000,000 American gold and that the amount already due his Company on the same contracts was nearly $2,000,000 American Gold, so that the proposed issue of Interior Bonds authorized by the decree of January 8, 1914, would be in great part absorbed in paying his

firm. As his Company was the one which had already supplied the greater part of the armament to Mexico it was necessary to secure further supplies from his firm, as armament of a different calibre or type would be useless. In these circumstances it became necessary for Mexico to make further arrangements for the payment of the amounts due by it in Paris. In this connection it should be borne in mind, that M. Camberfort was also Vice-President of the Comptoir Nacional d'Excompte de Paris, which was one of the contracting group of banks that had purchased from the Government of President Huerta £6,000,000 Sterling of the Treasury Bonds of the Mexican Federal Government, 6% 10-Year, 1913.

Mr. Camberfort stated that, after consultation with his bank, he had decided that "St. Chamond" would be willing to accept at 70% of their par value bonds of the same issue as the £6,000,000 bonds purchased by the contracting banks referred to (the International Group), the bonds so to be taken by them to be a part of the 10,000,000 Pounds Sterling remaining from the above issue of 16,000,000 Pounds Sterling, and a part of the bonds under option to the International Banking Group at 90 until 1st July 1915.

He said St. Chamond would be willing to take these bonds at 70 and hold them until the 1st of July, 1915, at which date if they were not redeemed by the Mexican Government or taken up by the International Banking Group they would become the property of St. Chamond. The amount owing and then due to St. Chamond by the Mexican Governments of Presidents Diaz, Madero, and Huerta, was, as already stated, nearly $2,000,000 American gold. (Annex 2, pars. 85–88, p. 251, and Annex 22, p. 437.)

109. The position thus existing was placed before President Huerta by a cable communication from the Financial Agent of the Mexican Government in London to the Min-

ister of Finance in Mexico with the suggestion that a new arrangement should be made with respect to the whole matter. (Annex 2, par. 86, p. 252.)

110. On February 25, 1914 (Diario Oficial, Special, February 27, 1914, Vols. 130–131, p. 467), under the authority of the law of December 17, 1913 (Diario Oficial, Vols. 130–131, p. 346, Feb. 27, 1914), President Huerta issued a decree empowering Senor del Paso, the Financial Agent of Mexico in London, to modify the contract of January 8, 1914 (which was the contract with Mr. de Kay, the claimant herein, and which provided for the payment of Mexico's old armament debts, for the purchase of arms and munitions, and for the purchase by Mexico of 51% of the Voting Trust Certificates of the Mexican National Packing Company, Limited), so that for such payments and purchases the bonds of the External Debt, 6%, 1913, might be used, such bonds being a part of the loan of £16,000,000 sterling created under the contract between the International Group of Bankers and the Government of President Huerta on June 8, 1913. These bonds so authorized to be used were at that time under option until July 1, 1915, at 90% of their par value to the International Group of Bankers, and, as will be shown, this option was fully protected under the new contracts which were negotiated and signed. (Annex 21, p. 424.)

(f) Contract of March 2nd, 1914, Amending the Contract of January 8, 1914, for the Purchase of the Voting Trust Certificates of the Mexican National Packing Company Limited. (Annex, 21, p. 424)

111. Pursuant to the authority conferred upon the Financial Agent of Mexico in London by the decree of February 25, 1914, (Diario Oficial, Special, Feb. 27, 1914, Vol's 130–131, p. 467) a supplementary contract was entered into between the Mexican Government of the one part and Mr. John W. de Kay, claimant herein, of the other part, on March 2nd, 1914. (Annex 21, p. 424.)

This contract provided:

112. Clause First, sub-paragraph A, altered Clause IV of the contract of January 8, 1914, (Annex 19, p. 402) which had provided for the delivery to the claimant of 10,000,000 pesos (part of the issue of the Interior Public Debt of 25,000,000 pesos) for the 51% of the Voting Trust Certificates of the Mexican National Packing Company, Limited, so that the said Clause IV of the contract of 8th January, 1914, should read as follows:

113. "The Mexican Government buys from Mr. John W. de Kay for the sum of 10,000,000 pesos 51% of the Voting Trust certificates which he owns and which represent the same proportion in value of the Common shares of the Mexican National Packing Company Limited and constitutes, as aforesaid, the control of the said Company.

"The payment of said 10,000,000 pesos will be made in Treasury Bonds of the External Debt 6% of 1913 at par of their nominal value and said Bonds will be considered in all respects *pari passu* with the Bonds of the same Loan issued according to the contract of the 8th June 1913 made with the Banque de Paris at des Pays-Bas and other banks. It is understood that said bonds will be subject to the terms of the said contract of 8th June 1913 made between the Mexican Government and the said Banks in the sense that they cannot be sold by said Mr. John W. de Kay before 1st July 1915.

"The Government will have the right but not the obligation to pay in cash to Mr. John W. de Kay the 85% of nominal value of the 10,000,000 pesos of Bonds received by him at any time before the 1st July 1915, taking in exchange the aforesaid Bonds." (Annex 21, p. 424.)

114. Sub-paragraph B of Clause First of the contract of March 2, 1914, suppressed Clause Sixth of the Contract of

January 8, 1914, which provided for the payment of interest on the Interior Public Debt. (Annex 19, p. 402.)

115. Sub-paragraph C of Clause First of the Contract amended Clause Seventh of the Contract of January 8, 1914, (Annex 19, p. 402) which Clause Seventh had dealt with the proposed issue of Provisional Certificates representing the bonds of the Interior Public Debt, so that said Clause Seventh of the Contract of 8th January, 1914, read as amended as follows:

116. "Not later than the 15th March 1914 the Government will have ready with the necessary formalities, Provisional Certificates or Bonds to bearer which will represent the amount of £3,025,000 sterling in Bonds of the External Debt of 1913 above mentioned. Of such certificates the financial agent of the Mexican Government will deliver to Mr. John W. de Kay 10,000,000 pesos in exchange for the Voting Trust Certificates which represent 51% of the ordinary shares of the Mexican National Packing Company Ltd., and the remainder of said £3,025,000 sterling will be deposited with the bankers designated by Mr. John W. de Kay after the signature of the contracts between Mr. John W. de Kay and the different firms contracting war materials in the necessary amounts to comply with this contract taking the bonds for that effect upon the basis hereinafter stipulated.

"Upon the delivery to the Mexican Government by the said Mr. John W. de Kay of 51% of the Voting Trust Certificates of the Mexican National Packing Company Ltd, which shall be made simultaneously upon signing the contracts to be entered into between said Mr. John W. de Kay and the Bank or Bankers and the contractors of war material up to the amount of 35,000,000 francs, the Government expressly agrees that the whole of the obligations imposed upon said Mr. John W. de Kay under the contract of the 8th January 1914 hereinabove referred to, made between

> the Government and himself, have been fully complied with and that in so far as said contract of the 8th January 1914 above mentioned has not been altered by the present contract, the said contract of the 8th January 1914 above mentioned remains in full force and effect and that the obligations imposed upon the Mexican Government by Articles fifth and fourteenth of the said contract of the 8th January 1914 remain in full force and vigour." (Annex 21, p. 424.)

117. By the next paragraph of sub-paragraph C of Clause First of the Contract of 2nd March, 1914, (Annex, 21, p. 424) it was provided that Mr. de Kay retained all the rights conferred upon him by Clauses I and V of the Contract of January 10, 1914, between him and the Mexican Government.

118. By the next following paragraph of sub-paragraph C of Clause First of the Contract of March 2nd, 1914, (Annex 21, p. 424) Clause VI of the Contract of January 10, 1914, was amended so that the price at which Mr. de Kay was to receive the 6% bonds of the Loan of 1913 in payment for armament, if he should choose to supply it to the Mexican Government, would be at 85% instead of 90% of the par value of said bonds.

119. By the final paragraph of sub-paragraph C of Clause First of the Contract of March 2nd, 1914, (Annex 21, p. 424) it was stipulated that Clauses III and IV of the Contract of 10th January, 1914, (Annex 20, p. 419) were suppressed. These clauses had dealt with the placing at the disposal of the Mexican Government of the proceeds of a part of the proposed Interior Public Debt, and hence, under the new Contract, had no meaning and therefore no force.

120. Sub-paragraph D of Clause First of the Contract of March 2nd, 1914, (Annex 21, p. 424) dealt with Clause Ninth of the Contract of 8th January, 1914, (Annex 19, p. 402) which Clause Ninth had provided that the taxes collected on the slaughter of animals at the Rastro in

Mexico City should be allocated to the service of the proposed issue of the Interior Public Debt bonds.

This Clause Ninth was amended by sub-paragraph D above referred to to read as follows:

> "The Mexican Government will dispose freely of the taxes collected in the Rastro of the City of Mexico." (Annex 21, p. 424.)

121. Sub-paragraph E of Clause First of the Contract of March 2nd, 1914, (Annex 21, p. 424) suppressed Clauses Tenth and Eleventh of the Contract of January 8th, 1914. (Annex 19, p. 402.) These Clauses Tenth and Eleventh provided respectively that the capital and interest of the bonds of the Interior Public Debt should be exempt from all Federal, State, or Municipal taxes and that the proceeds of the said proposed Interior Public Debt of 25,000,000 pesos should be delivered as to 10,000,000 pesos to Mr. John W. de Kay, claimant herein, and as to 15,000,000 pesos to be taken firm by him.

122. Sub-paragraph F of Clause First of the Contract of March 2nd, 1914, suppressed the whole of the twelfth Clause of the Contract of 8th January, 1914, (Annex 19, p. 402) except the last two paragraphs of said Clause which were to remain in full force and vigour. These two paragraphs so remaining full force read as follows:

123. "At the time of the delivery by Mr. John W. de Kay of the fifty-one per cent of the Voting Trust Certificates which he sells to the Mexican Government the said Government will appoint the three Voting Trustees of the Mexican National Packing Company Limited who will nominate the Board of Directors of the said Company and in the names of these three Voting Trustees so appointed will be registered all the Common Stock of the Mexican National Packing Company Limited with the exception of nine shares of the nominal value of One hundred dollars

each, which it is necessary to reserve as shares for the Directors.

"The Voting Trustees chosen by the Government will appoint all of the Directors of the Mexican National Packing Company Limited who will immediately give possession as managers and officials of the said Company the persons designated by the Government through the medium of the Voting Trustees."

124. Clause Second of the Contract of March 2nd, 1914, (Annex 21, p. 424) first paragraph, gave to Mr. de Kay the authority to contract with bankers, armament manufacturers and others up to the amount of 35,000,000 francs for war material "either heretofore contracted for or which will hereafter be contracted for."

125. Sub-paragraphs A and B of Clause Second of the Contract of March 2nd, 1914, declared that the 35,000,000 francs above referred to was to be applied (a) to the payment of amounts due on account of contracts which said firms have heretofore made with the Mexican Government, and (b) to the payment for "new war material" to be supplied under contracts to be made; the amounts of the contracts under (a) and (b) to be "up to a total of 35,000,000 francs."

126. Clause Third of the Contract of March 2nd, 1914, (Annex 21, p. 424) provided that the Mexican Government should deposit with bankers to be named by Mr. de Kay £2,000,000 Pounds Sterling of the Provisional Bonds of the External Government Loan of 1913, such bonds so deposited "to be considered *in all respects pari passu with the bonds of the same issue sold in 1913 to the Banque de Paris et des Pays-Bas and its Group.*"

These bonds were to be released by the depository bank to effect the payment specified in paragraphs (a) and (b) of Clause Second of the same Contract of March 2nd, 1914. (Annex 21, p. 424.)

127. Clause Fourth of the Contract of March 2nd, 1914, (Annex 21, p. 424) provided that if on or before July 1st, 1915, the Mexican Government had not paid in cash the amounts due on account of Contracts (a) and (b) above referred to, the holders of the bonds would have the right to retain the bonds delivered to them in connection with such contracts and such bonds would belong to the contractors. The Government had the right to pay the amount in cash plus interest any time before July 1, 1915.

128. Clause Fifth of the Contract of March 2nd, 1914, (Annex 21, p. 424) authorized Mr. de Kay to agree with the depository bankers for "a participation in the final issue of the balance of the loan of 1913, subject always to the previous consent of the Banque de Paris et des Pays-Bas and in future loans to be made by the Government."

Attention was called to the fact that having regard to the contract between the Mexican Government and the Banque de Paris et des Pays-Bas and its group "the Government is not at liberty to arrange or to offer any arrangement in respect to the loan of 1913 above mentioned until after 1st July, 1915."

129. Clause Sixth of the Contract of March 2nd, 1914, (Annex 21, p. 424) stated that neither the Bankers with whom the bonds were deposited, nor the contractors who might receive the bonds, would have any right to sell the bonds prior to July 1, 1915. This was the date upon which the option of the International Banking Group expired.

130. By Clause Seventh of the contract of March 2nd, 1914, (Annex 21, p. 424) full power to contract was conferred upon Mr. de Kay for the purposes of carrying out "the conditions which are herein agreed to between the Government and himself", express authority being given "to enter into and sign the said contracts with bankers, armament manufacturers and any other persons, corporations, or

agents as he may consider necessary . . . . . without personal liability for the said Mr. John W. de Kay."

131. By Clause Eighth of the contract of March 2, 1914, (Annex 21, p. 424) the words "notification" and "delivery" were defined as used in the contracts. In Clause Ninth stipulations were made regarding the stamps and expense connected with the making of the contracts authorized to be made by this contract of March 2, 1914.

132. It will be observed from the foregoing that the Treasury Bonds of the Mexican Federal Government, 6%, 10 years, 1913, were to be used (a) to provide for the payment for the 51 per cent of the Voting Trust Certificates of the Mexican National Packing Company, Limited, to be purchased from Mr. de Kay personally, which bonds for such purpose amounted to £1,025,000; and (b) for the payment of the old accounts due for the supply of war materials for Presidents Diaz and Madero, and for the purchase of new materials for President Huerta, which bonds, for arms purchased old and new, amounted to £2,000,000 (a total sum of £3,025,000). The bonds to the amount of £2,000,000 were to be delivered upon a different basis from those delivered to secure the payment of the control of the Packing Company. The two transactions were entirely independent and the bonds issued and delivered in respect of the purchase of the controling shares of the Packing Company and the equitable ownership of 51% of the assets of the Company had no connection with those deposited in respect to the purchase of arms and paying old debts due for arms. These bonds were a part of the £10,000,000 of Treasury Bonds of the Mexican Federal Government, 6%, 10 Year, 1913 issue which were under option to the International Group of Bankers headed by the Banque de Paris et des Pays-Bas, under their contract of June 8, 1913, and they were issued under the same laws and decrees that the bonds now in the

hands of the public and recognized by Mexico as valid bonds, were issued.

133. *It will be also observed that the delivery of these bonds to Mr. John W. de Kay, the claimant herein, in exchange for the Certificates, and to the depositary bankers and war material contractors on account of old debts and further purchases, did not and could not make and did not purport to make either Mr. de Kay or the bankers and the contractors the owners of these bonds until after July 1, 1915,* and that up to that time the Mexican Government might pay to Mr. de Kay or to the bankers and contractors respectively 85% (to Mr. de Kay) and 70% (to the bankers and contractors) of the par value of the bonds in cash, together with interest on the face value of the bonds at 6 per cent, whereupon the bonds were to be delivered back to the Government of Mexico. The 70% at which price the bonds were delivered the contractors was the relation which £2,000,000 bears to 35,000,000 francs which was specified in the contract of March 2, 1914 (Annex 21, p. 424). The foregoing facts are most important. This arrangement was made in order to protect the contractual rights of the International Banking Group with the Mexican Government, in these bonds.

As already pointed out this arrangement as to armament purchases was known and consented to by the Comptoir National d'Escompte de Paris, which was one of the International Banking Group which had contracted for the £6,000,000 of bonds issued under the contract of June 8, 1913, pursuant to the decree issued by President Huerta of May 30th of the same year, *but the facts as to these arms transactions have no bearing upon the bonds delivered to secure the payment for the Control of the Packing Company or under certain contingencies to constitute actual payment for such Certificates.* Obviously these bonds relating to armament purchase have no connection with the claim herein presented.

For convenience of reference the provisions of the Contracts of January 8, 1914 and of March 2, 1914, for the purchase of the Voting Trust Certificates (which represented the equitable ownership of 51% of the assets of the Company) have been combined into one contract and printed as Annex 34; the provisions of the contracts of January 10, 1914 and of March 2, 1914, for payment of old armament debts and carrying out existing contracts for the furnishing of arms have been combined into one document and printed as Annex 35.

(g) Contract with Depositary Bank and St. Chamond, March 6, 1914. (Annex 22, p. 430)

134. Pursuant to the authority granted in the decree of February 25, 1914, which authority was recited in the contract itself, Articles I, II, III, IV, V, and VI of March 6th, 1914 (Annex 22, p. 430), Mr. John W. de Kay, as the specially authorized representative of the Mexican Government, made on its behalf with the Banque Cantonale de Berne, of Berne, Switzerland, and with St. Chamond, an agreement dated March 6, 1914, by virtue of which the £2,000,000 sterling of the Bonds of the Treasury of the Mexican Federal Government, 6%, 10 years, 1913, to be used in payment of debts due by the Government of Presidents Diaz, Madero and Huerta and for the further sums accruing, were deposited with the said bank to be delivered in payment of such obligations. (Annex 22, p. 430.)

135. This contract provided for the payment exclusively of debts owing and sums thereafter payable by the Mexican Government to St. Chamond under contracts made with that firm by the Goverments of Presidents Diaz, Madero, and Huerta to the amount of $4,000,000 American Gold with respect of which there was already due and unpaid to St. Chamond by the Mexican Government under the three above mentioned regimes, nearly $2,000,000 American gold.

136. This contract of March 6th, 1914, (Annex 22, p. 430) made with St. Chamond did not embody actual terms for the purchase of any new armament or war supplies of any kind.

137. Article Seventh of the Contract of March 6th, 1914, paragraph "A" clearly states the object of the contract as follows:

> (a) "To provide for the payment of the sums already due and payable by the Mexican Government on account of contracts heretofore made between the said Government and the parties of the third part hereto."

The said party of the third part was La Compagnie Des Forges et Acieries de la Marine et d'Homecourt, (St. Chamond.)

138. The sub-paragraph B of Article Seventh of the Contract of 6th March, 1914, with St. Chamond (Annex 22, p. 430) provided for the shipment of armament which might then be ready for shipment.

139. Sub-paragraph C of the same Clause Seventh (Annex 22, p. 430) noted that the object of the Contract was to guarantee the supplying and shipment of war material which was to be provided as specified in the contract.

140. Clause Eighth of the Contract of March 6th, 1914, (Annex 22, p. 430) stipulated that except for the alteration of the time of delivery and of the manner of payment, which was by bonds instead of by cash, the contracts theretofore made by the Mexican Government with St. Chamond were in full force and effect.

141. Upon the signing of this contract (Annex 22, p. 430) with St. Chamond bonds were delivered to it to cover the amount already owing under the contracts of the three Mexican regimes above referred to, but no bonds were delivered

with respect to new armament which was to be subsequently supplied, but which owing to the intervention of the European war was not supplied. (Annex 2, par. 93, p. 254.)

(h) Contract of March 6, 1914, made with the Banque Cantonale de Berne, of Berne, Switzerland, and Cartoucherie Francaise, S. A. of Paris. (Annex 23, p. 437)

142. This contract was similar in its terms and purposes to the contract above referred to with St. Chamond, (Annex 22, p. 430) one of the objects being, as expressed in the contract itself (Clause Seventh): "to provide for the payment of the sums now due and payable by the Mexican Government to the party of the third part hereto." (Annex 23, p. 437.)

143. By Clauses Twentieth, Twenty-first, and Twenty-second of this contract of 6th March, 1914, Cartoucherie Francaise S. A. (Annex 23, p. 437) agreed to sell additional war material to the Mexican Government at prices therein specified.

ACTUAL ARMS SHIPMENTS

144. With respect to this contract of March 6, 1914, (Annex 23, p. 437) it may be said, in order to clear the matter up, that there were shipped to Mexico by Cartoucherie Francaise, S. A. on the S. S. Kronprinzzessin Cecelie and S. S. Bavaria armament to the value of about $400,000 American gold in respect of which the Cantonale Banque delivered to Cartoucherie Francaise a corresponding amount of Mexican Government bonds as provided in the said Contract of March 6, 1914. These were the only bonds delivered for armament except those mentioned in paragraph 141 above. (Annex 2, par. 93, p. 254.)

145. Prior to the arrival of this armament in Mexico the Government of the United States occupied the Port of Vera Cruz, Mexico, whereupon Mr. de Kay immediately ordered that the whole of the armament above referred to be returned

to Europe and stored in Spain, and this was done, so that in fact no armament was delivered to Mexico. (Annex 2, par. 93, p. 254.)

146. Subsequently in 1916 the Government of Carranza and Cartoucherie Francaise received a sum reported to be in excess of $600,000 from the sale of the armament stored in Spain. (Annex 2, par. 93, p. 254.)

147. The transaction was carried through on behalf of the Government by Senor Juan Sanchez Ascona. As this money should have found its way into the Mexican Treasury, the exact figures will be available to Mexico. (Annex 2, par. 93, p. 254.)

CARRYING OUT OF SALE OF VOTING TRUST CERTIFICATES

148. On the 4th March, 1914, Senor Pedro M. del Paso, Financial Agent of Mexico in London addressed a communication to the City Safe Deposit and Agency Company, Limited, of London (Annex 24, p. 445) in which he declared on the authority of his Government "that the Government has received from you $1,914,000 Voting Trust Certificates of the above named Company",—the Mexican National Packing Company Limited, the Certificates being those sold to Mexico by the claimant herein, and reiterated the guarantee of the Mexican Government of the principal and interest of the First and Second Mortgage bonds of the Mexican National Packing Company Limited, amounting to $4,500,000. The Letter further declared that the Government authorized the "endorsation upon each of said bonds of the notification of this guarantee."

This declaration was given pursuant to the obligation of the Mexican Government contained in Article V of the Contract of January 8, 1914, made between the claimant herein and the Mexican Government. (Annex 19, p. 402.)

149. On May 18, 1914, John W. de Kay, claimant herein, (who was still the *registered* holder of the 51% of the Voting Trust Certificates of the Mexican National Packing Company Limited) appointed pursuant to the request of the Mexican Government, Pedro Mariano del Paso, Augustin Maria Olmedo, and Fernando Cabrera as Voting Trustees of the Mexican National Packing Company, Limited, instead of Sir Frank Crisp, Bt., Col. Pedro Suarez and W. Capel Slaughter. (Annex 25, p. 447.)

150. On 15th April, 1914, there was published in The Times of London, in a conspicuous place on the editorial page of the Financial Section of The Times, the following as a matter of news to the British investing public:

> "THE MEXICAN NATIONAL PACKING COMPANY—CONTROL ACQUIRED BY THE GOVERNMENT—BOND INTEREST GUARANTEED.
>
> "The Mexican National Packing Company announces that after protracted negotiations the Mexican Government has acquired the control of 51 per cent. of the Common stock.
>
> "The Government unconditionally guarantees the payment of the principal and interest of both the First and Special Mortgage Gold Bonds issued under the prospectus dated January 9, 1913, and the Second Mortgage Bonds of the Company, being responsible for the interest which falls due on July 1 of the present year, and from that date onward until the date of the redemption of the bonds. A statement of this guarantee will be endorsed by the agent of the Mexican Government upon each of the Definitive Bonds of the two series.
>
> "The negotiations with the Mexican Government were initiated and carried through in the city of Mexico by Mr. John W. de Kay, to whom the concessions upon which the business was founded were

originally granted. The directors state that the exceptional and special facilities possessed by the Mexican Government for handling and developing this business will, in their opinions, be of great benefit to shareholders and bondholders of the company.

"The company was formed in Maine in January, 1911, to acquire certain concessions granted by the Mexican Government for the development of the live stock and meat industries of the country. The company has a capital of $12,750,000, $3,750,000 being in Common and $9,000,000 in Preferred. The outstanding Six per Cent First Mortgage Bonds amount to $3,000,000; and the Second Mortgage Bonds to $1,500,000." (Annex 2, par. 93, p. 254.)

151. On 10th June, 1914, Pedro M. del Paso, as Financial Agent of the Mexican Government in London, addressed the following communication to the Chairman of Board of the Mexican National Packing Company, Limited:

152. "I beg to inform you that, upon declaration made by Mr. John W. deKay on 18th May last, acting upon instructions received from the Mexican Government, by virtue of the interest acquired by it on your Company and pursuant to the powers vested in him by the Declaration and Agreement of Trust dated 4th November 1911, appointed as Voting Trustees: Pedro M. del Paso, Augustín M. Olmedo, and Fernando Cabrera.

"On behalf of the Committee of the said Voting Trustees, I beg, furthermore, to inform you, that the Mexican Government desires to have appointed as Manager of the Company ad interim, Mr. Louis F. de Kay and I hope you will ask the Board to act in accordance with this request." (Annex 26, p. 448.)

153. On June 10th the Chairman of the Mexican National Packing Company, Limited, advised that pursuant to the instructions of Pedro M. del Paso, Mr. Louis F. de Kay had

been appointed Manager of the Company *ad interim*, and on June 19th del Paso acknowledged this letter. (Annex 27, p. 449.)

154. The £1,025,000 bonds were delivered to Mr. de Kay, the claimant herein at the time that he delivered to the Financial Agent of the Government of Mexico in London the 51 per cent of the Voting Trust Certificates of the Mexican National Packing Company, Limited. (Annex 2, pars. 90, 92, pp. 252–3.)

155. The delivery by Mr. de Kay of the Voting Trust Certificates to Señor del Paso, Financial Agent of the Mexican Government in London, and of the bonds to Mr. de Kay by the Mexican Government through Señor del Paso, took place in the office of Sir Frank Crisp, Bart., in London, England, in the presence of Sir Frank Crisp, Bart., Mr. W. Capel Slaughter, and General Arthur Maxwell, representing Messrs. Glyn, Mills, Currie & Co., Bankers of 67 Lombard Street, London, E. C. (Annex 2, par. 92, p. 253.)

MEXICO TAKES POSSESSION OF BUSINESS AND PLANT OF MEXICAN NATIONAL PACKING COMPANY, LIMITED

156. The Mexican Government took possession of the plants, property, and business of the Mexican National Packing Company, Limited, in Mexico, in April, 1914, (in which, as a result of the purchase, it had an equitable ownership of 51% of the assets) installing its own personnel in charge of the business and receiving the revenues and benefits, and this has continued to be the situation from that time until the present, in so far as the claimant has been advised and as he believes. (Annex 2, par. 92, p. 253; Annex 3, pars. 37–38, p. 284.)

At the time the Mexican Government took possession by its own personnel, the packing houses, branch cold stores,

machinery, equipment, refrigerator cars, delivery vans, and all other properties of the Mexican National Packing Company, Limited, were in a perfect condition of repair, upkeep, and operating efficiency (Annex 3, pars. 39–41, p. 285). The operations of the Company had been such as fully to meet all the requirements of its various concessions which were at the time of such transfer in full force and effect as recognized by the Mexican Government.

157. These various transactions (decrees and contracts) were submitted for approval to the Mexican Congress,—to the Chamber of Deputies on April 29, 1914, and to the Senate on May 2, 1914, and by both of these bodies these transactions (decrees and contracts) were approved and ratified. (Diario Oficial, May 23, 1914, Vols. 132–133, p. 191; May 30, 1914, *id.* p. 257; see also paragraph 171 hereinafter).

158. On 1st July 1914, The Mexican Government published in The Financial Times in London, and in the London press generally, the following notice showing the completion of the purchase of the control of the Mexican National Packing Company Limited from the Claimant herein:

> "MEXICAN NATIONAL PACKING PAYMENT OF INTEREST ON BONDS
>
> "The Financial Agent of the Mexican Government announces that interest on the Mexican National Packing Company Six per Cent. First and Special Mortgage Bonds, due 1st July, will be paid on presentation of the coupons at the London agency, 110, Cannon-Street, E. C.
>
> "Holders of bonds of the Mexico Six per Cent. External Gold Loan, 1913, issued in connection with the contract under which the Mexican Government acquired the control of the Mexican National Packing Company, Ltd., may apply to the Financial

Agency, where warrants will be issued to cover the interest due on 1st July, 1914, such warrants being payable at the Finance Agency of the Mexican Government." (Annex 2, par. 113, p. 262.)

MEXICO HAS COLLECTED AND KEPT ALL REVENUES OF THE BUSINESS

159. During this period of occupation and operation of the plants, property and business of the Mexican National Packing Company, Limited, (that is, from April, 1914, until now) no payment whatsoever has been made either to the holders of the Preferred Stock or the holders of the Common Stock, nor have the bonds of the Company been served either by the Company itself or by the Mexican Government which, under and pursuant to the provisions of the contract of January 8, 1914 (Annex 19, p. 402), guaranteed the service of said bonds. (Annex 2, pars. 98, 107, pp. 258, 261.)

160. From 1914 until the present time the Mexican Government has never made any report to the owners of the stock of the corporation of the Mexican National Packing Company, Limited, nor to the holders of its bonded securities. (Annex 2, pars. 98, 108, pp. 258, 261.)

161. The claimant is informed and believes that during the whole of the period from 1914 until now various Mexican Governments have been in absolute possession and control of said business, have derived an important income therefrom, and have received large sums of money from the sale of plants, machinery, cold storage machinery and premises, refrigerator cars, and other important property belonging to the Company, and that such Governments have converted to their own use the whole of the moneys received therefrom without any accounting whatsoever either to the holders of the Preferred or Common Stock, or to the holders of the

bonded securities of the Company. (Annex 2, par. 109–115, p. 261.)

162. In this connection, it should be observed that notwithstanding the Mexican Government was in possession of the plants and property of the Mexican National Packing Company, Limited, of which it owned the control, and notwithstanding its obligations as a stockholder and controller of the Mexican National Packing Company, Limited, to conduct the affairs of the Company in a business-like way, to report to the holders of its stock and securities the condition of the Company, to account for the moneys received from the operation of the Company's property, and to keep the Company operating as a going concern, nevertheless the Government permitted the taxes of the Mexican National Packing Company, Limited, due in Maine, to go into default with the result, as the claimant is advised and believes, that the Company's charter was allowed to lapse. (Annex 28, p. 451.)

163. It appears now, from the statements made in a recent governmental publication of Mexico, that not only did the Government of Mexico thus permit the charter of the Company to lapse, but that likewise it permitted the forfeiture of the concessions by the Company, thus taking from the bondholders of the Company a considerable part of the values which stood behind the bonds, and taking from the stockholders of the Company a considerable part of the property they indirectly owned. It appears, moreover, from the same statement that the Mexican Government granted to various concessionaires the right to operate the physical properties of the company and that these concessionaires so carelessly and negligently used these properties that the same fell into such serious disrepair that it took more than 1,900,000 pesos to rehabilitate them and to make

some relatively slight additions thereto. This statement reads:

> "The slaughterhouse (Rastro) of the City of Mexico, retaken by the Federal Government from a concessionary company for non-fulfillment of the provisions of its own concession and for the expenses caused by the issue of a fixed number of shares, the majority of which landed in foreign markets, and subsequently was exploited by successive concessionaires who in no way looked after its upkeep or improvement, was included in the administration of national property in February, 1924. It was decided to proceed with its entire rebuilding with a view of placing it in the condition in which slaughterhouses thoroughly equipped function in countries more advanced than ours, providing it, in addition, with services which had been lacking until then, or that, due to the carelessness of successive managers, had lost its practical value. The cost of this reconstruction was 1,927,779.36 pesos." (Memoria de la Secretaria de Hacienda y Credito Publico, Translation from Ch. VII on National Property, p. 163. Report of the Department of Finance and Public Credit, 1923–1924–1925; to the Congress of the Union.)

The nature and relative extent of the alterations made only at the Rastro in Mexico City and the "rebuilding" referred to may be gathered from an examination of the photographs reproduced in Annex 7 of this Memorial and of the photographs reproduced at pp. 387–391 of the Memoria de la Secretaria de Hacienda y Credito Publico, just cited.

164. *For the control of this great business which was thus turned over by the claimant herein to Mexico, and for the equitable ownership of 51% thereof (by reason of the ownership of 51% of the common stock of the corporation owning the properties) the Mexican Government has never paid one dollar to the claimant except the first interest payment,* due on July 1,

1914, which interest payment was made from funds borrowed by the Mexican Government from the claimant, and which funds loaned to the Mexican Government have never been repaid. (Annex 2, par. 118, 120, p. 265.)

165. Furthermore, not only has the Mexican Government thus failed to meet the obligations of its bonds, both as to principal and interest—the bonds being due in 1923—but the Mexican Government has, through its duly authorized agents, repudiated said bonds and declared them to be worthless, *more than seven months before the bonds could have become the property of the claimant,* while at the same time retaining control of the property in exchange for which the bonds were deposited with the claimant, and appropriating to its own use all the rents, profits, and returns whatsoever coming from the Company, and from the date July 1, 1914, when the first interest due upon the bonds was paid, until the present time, the claimant has not received a single penny from the Mexican Government on account of the great business and properties, the control of which and the equitable ownership of 51% of which, he sold and delivered to that Government by handing over to it the control of the corporation which owned the properties. (Annex 2, par. 120, 121, p. 265.)

REPUDIATION OF BONDS DELIVERED WITH RESPECT TO THE PURCHASE OF THE VOTING TRUST CERTIFICATES, THUS LEAVING CLAIMANT WITHOUT ANYTHING WHATSOEVER FOR PROPERTY PURCHASED AND RETAINED BY MEXICO

166. On December 5, 1914, one M. Covarrubias, signing himself "Financial Agent of the Government of Mexico ad interim" published in the Financial Times in London a declaration stating that the contracts by which the Mexican Government acquired the control of the Mexican National Packing Company, Limited, and the bonds issued by the

Mexican Government in payment for the acquisition of such control had no legal value and would not be recognized by Mexico. *This action of Covarrubias was taken almost eight months before the bonds delivered to the claimant in exchange (under certain contingences) for the property delivered by the claimant could become the property of the claimant.*

167. At the same time Covarrubias notified the Banque Cantonale of this repudiation, but the Bank declined to recognize the action. (Annex 29, p. 452.)

168. The publication of this declaration of repudiation by Covarrubias completely destroyed any and all value in the bonds, and from that time until the present they have remained valueless. (Annex 2, par. 119, p. 265.)

169. Furthermore, this repudiation by M. Covarrubias was at other times thereafter reannounced by the Mexican Governments as shown by the following:

(a) On May 23, 1921, Mr. William Higgins, of Long Island, New York, requested information from the Mexican Financial Agent of 120 Broadway, New York, regarding Series "A", "B", and "C" of the "Mexican Government 6% Bond of 1913."

The Financial Agent (F. Amiel Vargas) replied on May 27, 1921 such bonds "pertain to loans issued by the administration of General Victoriano Huerta, which loans were declared illegal by decree of April 23, 1913, due to the anti-constitutionality of Huerta's Administration."

The statements of the Financial Agent were confirmed by the Secretaria de Hacienda y Credito Publico on June 14, 1921. (See Annex 12, case of United States of America on behalf of Guaranty Trust Company of New York, as Trustee *against* United Mexican States, Docket No. 3220, before this Commission.)

(b) In the agreement for the "Readjustment of Debt" between the Government of Mexico and the International

Committee of Bankers of June 16, 1922, where as a note to the "Schedule of Obligations" annexed to that agreement, the following statement is made,—

> "NOTE.—In the foregoing schedule provision has not been made for (1) such bonds of the Huerta issues (following so-called issue 'A') which are held by banks as collateral; nor (2) for the bonds of the so-called De Kay issue which the Government does not recognize." (La Deuda Exterior de Mexico, 1926, pp. 9–19.)

In a letter dated June 12, 1922, Mr. Thomas W. Lamont, writing to Messrs. J. Spieler and Co., Bankers of Lucerne, Switzerland, stated the motive actuating this renewed repudiation in the following language:

> "We are advised on competent authority, that the recognition of all the Huerta bonds is a political question such as no Government that recognized the loans in full would survive, * * *." (Annex 30, p. 455.)

170. Regarding these bonds which were so repudiated and rendered valueless by this declaration of the Agent of the Carranza Government, reannounced as above set out, the following may be said in recapitulation:

(1) These bonds were part of the bonds authorized by the Congress of Mexico in the law promulgated May 30, 1913, by President Huerta.

(2) The Congress which authorized the loan, of which these bonds were a part, was the Congress that was elected during the time Madero was President.

(3) The bonds were part of the same issue as the £6,000,-000 purchased and issued to the public by the Banque de Paris et des Pays-Bas and its associate banks in July, 1913, which bonds have been recognized as valid and binding by the Mexican Government, and which were issued and sold

to the public under the contract made on June 8, 1914, between the International Banking Group and President Huerta's Financial Agent of Mexico in London, Señor Luis L. de la Barra.

(4) The bonds which were thus by Covarrubias rendered valueless were a part of the bonds covered by the option in the contract regarding the £6,000,000 between the Banque de Paris et des Pays-Bas and the Government of Mexico, and were bonds which the Mexican Government stipulated ranked in all respects *pari passu* with the said £6,000,000 of bonds sold to Banque de Paris et des Pays-Bas and its group.

(5) The bonds £6,000,000 taken by the Banque de Paris et des Pays-Bas have never been repudiated by the Mexican Government, and on the contrary that Government has made various subsequent contracts providing for resumption of service after default on such bonds.

(6) Other portions of the same issue of bonds, namely, the £10,000,000 which were held under option by the Banque de Paris et des Pays-Bas and its associate banks, were taken by certain members of that banking group subsequent to the time when part of these bonds were delivered to the claimant herein (the armament purchases).

Also in September, 1913, the Mexican Government secured a loan from the National Bank of Mexico, in which several other Banks participated, and gave as security £1,206,000 sterling of the bonds of the £10,000,000 above referred to, for the advance of 10,000,000 pesos, with a possible further advance of 8,000,000 pesos. The National Bank of Mexico was a member of the International Banking group taking the first £6,000,000 of this issue.

At the end of December, 1913, and again early in 1914, others of these bonds of the £10,000,000 were used by the Mexican Government in connection with transactions with the Guaranty Trust Company of New York to cover coupons

maturing on the guaranteed bonds of the Mexican National Railways. (Annexes 2, par. 124–125, p. 267; 33, p. 457; 34, p. 457.)

(7) In the course of the negotiations with the international banking group for the resumption of the service which had been defaulted on the £6,000,000 issued to the Banks in 1913, it was frankly intimated by the Mexican Government to the representatives of the International Banking Group that the repudiation of the bonds of Series C delivered to the claimant herein to secure the payment for the control of the Mexican National Packing Company, Limited, was made as a matter of political expediency. (Annex 2, par. 126, p. 267; Annex 30, p. 455.)

LEGALITY OF PURCHASE BY MEXICO

171. In making these Contracts of Sale with the Mexican Government the claimant was relying upon the legal opinions of men learned in the law of Mexico and in international law, and more particularly upon the formal certificate and legal opinion and declaration of Señor B. Carbajal y Rosas, then President Huerta's Minister to London, who issued to Mr. John W. de Kay, claimant herein, the certificate hereinafter set out. (Annex 32, p. 457.)

172. On the 9th of January, 1914, Lic. A. Garza Galindo, then Sub-Secretary of Justice, gave an opinion regarding the transactions, which reads as follows:

[Translation]

"Private Correspondence of the Sub-Secretary of Justice

"Mexico, *9th January, 1914.*

"John W. de Kay, Esq.

"My esteemed Friend: It is very satisfactory to me to give you my opinion as a lawyer in regard to the efficacy of the Contract which you made under date of yesterday with the Department of State and the Ministry of Finance, because at the same time

I take this opportunity of acquainting you with my opinion as a Public Official in regard to the legality of all of the Acts of the present Administration of which I have the honour to be a member.

"The Government as at present constituted derived its origin from the resignations which in February last year were handed in by Messrs. Francisco I. Madero and Jose Maria Pino Suarez to the Congress of the Union, of their positions as President and Vice-President of the Republic. They were placed in those positions by a General Election, and in virtue of their resignations and in conformity with Article 81 of the Constitution of the Mexican Republic the Secretary for Foreign Affairs, Sr. Lascurain, assumed the position of President and nominated General Victoriano Huerta as Secretary of the interior. Sr. Lascurain then resigned and General Huerta was thereupon invested with the title of Constitutional President of the Mexican Republic.

"In passing I should like to call your attention to the fact that the Congress which accepted the resignations of Madero, Pino Suarez, and Lascurain, was the Congress which was elected during the period in which Don Francisco I. Madero was President of Mexico. This same Congress received the Oath of Office of the present President, General Huerta, who from that time was recognized and continues to be recognized by the Supreme Court of Justice of the Nation, so that, with the three Executive, Legislative and Judicial Powers, invested with the exercise of National Sovereignty as set forth in Article 50 of the above-mentioned Political Constitution of the Republic, the present Government of Mexico is the only legitimate government of the Republic, and as such has been recognized by a large majority of the civilized Nations, because the only well-known exception is guided more by questions of misunderstood interest than by principles; but the result will be that in a short time even they will grant its recognition.

"The Mexican Government so constituted remained in office without hindrance, except those hindrances which unfortunately are met with owing to the internal disturbances which prevail in some parts of the Republic, till the month of October last, when the Chamber of Deputies not only tried to assume certain exclusive powers of the Executive, but also disregarded the Judicial Authority, thus obliging the President of the Republic, who is, conformably with the Constitution, the Laws, and the political ideas of all civilized countries, the most directly responsible for the preservation of the State, to dissolve the Chamber of Deputies of the Congress of the Union, and to assume the necessary powers until such time as a new Congress should be chosen, for which elections were immediately announced.

"The Judicial power of the Federation, in which there are even now elements derived from the time of the Government of General Diaz, also several members elected during the period in which Don Francisco I. Madero governed Mexico, continued exercising its functions without hindrance of any kind, in the same manner as all constituted authorities will continue.

"The elections took place in the short time that had been prescribed, so that they might be effective, and the dissolved Congress once more was organized, the new Congress assuming the powers which the Executive had attributed to it, and the President of the Republic gave account to it of all the Acts that had been put into force during the interval in which there was no Congress, and by laws passed in conformity with the Constitution by the new Legislative Power the Acts of the Executive were sanctioned, and Congress approved of the exercise of power which had been assumed.

"The three Powers of the Union once more assumed their regular duties and in accordance with the stipulation of Article 62 of the Constitution, and acting

on Article 29 of same, the Law of 17th December, 1913, was passed, which gave authority to the Executive to pass during its recess all the Laws necessary to carry out the National pacification.

"To be in a position to judge of the right of the Legislative Power to authorise the Executive in the terms in which it did, it is sufficient to know the general precepts of the Constitution of the Republic of Mexico, and especially to take into consideration that four-fifths of the Legislation now in force in Mexico has been enacted by the Executive authorized by the Legislative Power, and it is sufficient to remember that in this form the Civil and Mercantile Codes, the Banking and Railway Codes and the Codes of Judicial Procedure both for External Common Law and Federal Order have been enacted, in order to convince oneself that the whole economic and political life of the Republic of Mexico for at least the last fifty years is tranquil, as regards its official and contractual relations created under the sway of Laws enacted by the Executive so authorized by the Legislative Power.

"In virtue of the authorization granted to the Federal Executive by the Law of the Congress of 17th December of last year, the Decree of the 8th of January of the present year creating an Internal Public Debt of 25 million pesos, and granting the acquisition of the control of the Mexican National Packing Company Limited, was issued, with a view to being able to guarantee that the taxes which are collected in the Rastro of the City of Mexico are for the service of said Internal Public Debt, and as a greater inducement the Contract made by you under date of yesterday was made with the express consent of the President of the Republic taken at a meeting of his Council of Ministers. It is of the highest responsibility and will always be recognized not only by the present Government but by whatever other Government that, in constitutional order, may succeed it, in

the same manner that this Government and those of its predecessors have recognised the obligations contracted by those who preceded them. The only exception is found in the obligations that were contracted by the Government called the Empire, and this on account of the fact that it was a Foreign Government which had thus usurped the National sovereign rights, and although there have been in Mexico frequent changes of government in a violent form, we have without exception accepted the obligations contracted by former Governments. We should not, and will not accept obligations which any foreign element may try to impose on us by at any moment seizing by force the National Government.

"As I refer in this letter to the text of the Political Constitution of the Republic of Mexico, and to the Laws of Congress, in order to avoid making this letter unnecessarily long I have refrained from copying them *in extenso*, but I have pleasure in enclosing to you a copy of the Political Constitution of Mexico, and of the Laws above-mentioned.

"I remain, with all consideration,

"Yours faithfully,

"A. GARZA GALINDO,

"*Sub-Secretary of Justice.*"

(Annex 31, p. 457.)

173. Under date of February 16, 1914, the distinguished jurisconsult, Dr. B. Carbajal y Rosas, then Minister of the United States of Mexico at London, and now Agent of the United Mexican States before the General Claims Commission, gave regarding this transaction the following opinion:

[Translation]

Legation of the United States of Mexico

"I, the undersigned, a lawyer of the Tribunals of the Republic of Mexico and Minister of Mexico in London, giving my official opinion as representing

my Government and also my professional and judicial opinion declare:

"After having carefully studied the Contract signed in the City of Mexico on the 8th of January of the present year by the lawyer, Mr. Luna y Parra, Under-Secretary of the Department of Finance and Public Credit and in charge of such department, in representation of the Federal Executive and by Mr. John W. de Kay in his own right; considering also the laws which serve as a basis for said Contract, I have arrived at the following conclusions:

"I.—The Contract in question has been made between the Executive of the Republic entirely in accordance with the dispositions contained in the Decree issued by the Constitutional President, ad interim, of the United States of Mexico on the 8th of January 1914 which Decree was duly published in the 'Diario Oficial' No. 7, volume 130 on the 9th of said month of January 1914 and by virtue of which are authorized the Bonds of the Interior Public Debt Six per cent. for the value of 25,000,000 pesos under the conditions and upon the terms stipulated in the said Decree and with the object to meet the necessities of the complete pacification of the Republic.

"II.—The said Decree was issued by the Executive according to the special authorization conferred upon him by the Congress of the Union to the effect that, during the recess of said Congress the Executive was empowered to dictate all of the measures which he deemed to be necessary in the Departments of Governacion, Finance and War, in order to obtain the object referred to in the last part of the preceding paragraph.

"III.—The Legislative power, in granting to the executive the extraordinary faculties above stated, under the terms of Article One of the Law of the 17th of December, 1913 (No. 7, volume 129 of the 'Diario

Oficial') acted in accordance with the supreme right granted to it by Article Twenty-nine of the Political Constitution of the 5th of February, 1857, now in force and in accordance with which the Legislative Power has the right to give to the Executive all of the authority which it deems necessary in order to meet the situation which may arise in cases of invasion or of grave disturbances of public order or in other circumstances which might put society in serious danger or conflict.

"IV.—In consequence; the Bonds referred to in Articles Four, Six, Seven, Nine, Ten, Eleven and Seventeenth of the Contract above referred to and also the Provisional Certificates which represent said Bonds under the terms fixed in Article Seven, impose upon the Mexican Government a legal obligation taken entirely in accordance with the laws of the country; said obligation being made by the officials upon whom the law confers the faculties necessary for entering into this kind of obligation, and consequently said obligation will always be recognized until its complete payment as having all of the values and the guarantees which have been stipulated in respect thereto, not only by the actual government but also by what ever other Government which may take its place under the Constitutional régime of the Republic.

"London, 16th February, 1914.

"(Signed) B. Carbajal y Rosas."

(Annex 32, p. 457.)

174. Regarding the legality of the various transactions and the use afterwards made of portions of these same bonds belonging to the £10,000,000 which were under option to the international banking group, Señor Luis L. de la Barra gave the following certificate:

"I hereby certify that I was the financial agent of the Mexican Government in London in 1913 under the Presidency of General Huerta, and in that

capacity I negotiated for the issue of the loan of 1913 6%, and that I signed the contract for said loan with the Banque de Paris et des Pays-Bas and its group.

"On 30th May 1913 there was promulgated a law of the Congress of the United States of Mexico, creating an issue of £16,000,000 sterling of 6% ten year Gold Bonds. These Bonds were called: 'BOND OF THE TREASURY OF THE FEDERAL GOVERNMENT OF THE UNITED STATES OF MEXICO 6% GOLD TEN YEAR OF 1913.'

The text of this Bond, in English and in French, was as follows:

"English Text:

"The United States of Mexico acknowledge themselves to be indebted to the bearer of this bond for the sum of $mex. 975, or Fr. 2525, or £100. or 2045 Marks, or 485 U. S. A. gold dollars, or Dutch Fl. 1210. This sum forms part of the loan of $ mex. 156,000,000, or Fr. 404,000,000, or £16,000,000, or Rmk. 327,200,000, or U. S. A. gold dollars 77,600,000, which may be increased to £20,000,000,—authorized by the law of the 30th May 1913 and being the object of an Agreement dated June 8th 1913, entered into in Paris with the National Bank of Mexico, Mexico, the Banque de Paris et des Pays-Bas, Paris; the société Générale pour favoriser le Développement du Commerce et de l'Industrie en France, Paris; the Comptoir Nationale d'Escompte de Paris, Paris; the Banque le l'Union Parisienne, Paris; Messrs. Morgan Harjes & Co., Paris; Messrs. A. Spitzer & Co., Paris; Mr. S. Bleichroder, Berlin; The Deutsche Bank, Berlin; Messrs. Morgan Grenfell & Co., of London; Messrs. J. P. Morgan & Co., New York; Messrs. Kuhn, Loeb & Co., New York, extracts from which Agreement are printed on the back hereof. The Treasury of the Federal Government will pay interest on the above named sum of $ mex. 975, or Fr. 2525, or £100, or Rmk. 2045, or 485 U. S. A. gold

dollars, or Fl. 1210, at the rate of 6 per cent per annum, half yearly on January 1st and July 1st and will repay said sum on July 1st 1923 or previously, in accordance with articles 3, 4, and 7 of the aforesaid Agreement. All payments will be made, at the holder's option and in the above-stated currencies, in Mexico, Paris, Berlin, London or New York, as well as in the counting houses of Brussels, Amsterdam, Geneva and Francfort on the Main, and in other places to be appointed by the contracting Banks. The capital represented by this bond, as well as the interest thereon, are for ever free from any present or future Mexican taxes and assessments of whatever nature, and are secured by the hypothecation of 38 per cent of the export and import dues levied by the Republic, on the conditions set forth in Articles 5, 6, and 7, of the aforesaid Agreement."

"French text:

"Les Etats-Unis du Mexique reconnaissent devoir au porteur du présent Bon la somme de $ mex. 975, ou Fr. 2525 ou £100, ou Rmk 2045, ou $ or des Etats-Unis 485, ou Florins des Pays-Bas 1210. Cette somme fait partie de l'emprunt de $ mex. $156,000,000, ou Fr. 404,000,000, ou £16,000,000, ou Rmk. 327,-200,000, ou $ or des Etats-Unis 77,600,000, pouvant etre porté à £20,000,000, autorisé par la loi du 30 mai 1913 et ayant fait l'objet d'un contrat passé le 8 juin 1913 à Paris avec la Banque Nationale du Mexique, de Mexico; la Banque de Paris et des Pays-Bas, Paris; La Société Générale pur favoriser le Développement du Commerce et de l'Industrie en France, Paris; le Comptoir National d'Escompte de Paris, Paris; la Banque de l'Union Parisienne, Paris; MM. Morgan Harjes & Cie., Paris; MM. A. Spitzer & Co., Paris; Monsieur S. Bleichroder, Berlin; la Deutsche Bank; Berlin; MM. Morgan Grenfell & Co., Londres; MM. J. P. Morgan & Co., New York; MM. Kuhn, Loeb & Co., New York; des extraits du dit contrat se trouvent imprimés au verso du présent titre. Le Trésor du

Gouvernement Fédéral paiera les interêts sur la somme précitée de $ mex. 975, ou Fr. 2525, ou £100, ou Rmk. 2045, ou $ or des Etats-Unis 485, ou Fl. des Pays-Bas 1210, au taux de 6% par an, semestriellement, le ler Janvier et le ler Juillet et la remboursera le ler Juillet 1923 ou par anticipation conformément aux articles 3, 4, et 7 du contrat précité. Tous les paiements auront lieu au gré du porteur et dans les monnaies courantes précitées, à Mexico, Paris, Berlin, Londres, New York, de même que chez les Maisons à Bruxelles, Genève, Amsterdam, Francfort-sur-le-Main et dans d'autres villes à désigner par les Banques contractantes. Le montant du capital représenté par ce Bon, aussi bien que l'interêt en provenant, sont exampts à tout jamais de toute taxe et de tout impôt mexicains existants ou à venir, de quelque nature qu'ils soient et sont garantis par l'affectation de 38% des droits d'importation et d'exportation percus par la République dans les conditions prévues aux articles 5, 6 et 7 du susdit contrat."

"In June 1913 the Mexican Government sold £6,000,000 of these Bonds at 6% to the international group of bankers above named. These £6,000,000 were issued to the public in Europe and the United States, £1,450,000 sterling of which were offered for public subscription in London under a prospectus dated 30th June 1913, at 96%. The Mexican Government gave to the contracting Banks an option upon the remaining £10,000,000 of such Bonds. Such option expired on 1st July 1915.

"Until the expiration of such option on 1st July 1915, the Mexican Government was precluded from selling the £10,000,000 of Bonds, but it was free to hypothecate these Bonds subject to such option. When the option expired on 1st July 1915, the whole of the issue of £16,000,000 was in all respects identical, and each and every Bond ranked *pari passu* and enjoyed equal and identical rights.

"As a special security for the loan, the Government hypothecated 38% of the total receipts from the export and import duties of the United States of Mexico, and it was further provided that:

'If at any time the 38 per cent should produce a margin of less than 20 per cent beyond the amount required for the service of the present loan, the Government has undertaken forthwith to present to Congress a Law increasing the Duties so as to produce such margin, and if at any time there should occur a diminution of those Duties, so that the proportion thereof hypothecated for the Loans of 1899 and 1910 has to be increased beyond the 62 per cent., as provided by the Contracts for those Loans, the Government has undertaken forthwith to present to Congress a Law increasing the Duties, so as to ensure that the 62 per cent. shall be sufficient to meet the requirements of said Loans.'

"The Bonds are repayable at par on 1st July 1923, and are redeemable in whole or in part on 1st July 1916 or any subsequent interest date, on three months' notice. Interest is payable on 1st January and 1st July at 6 per cent. per annum. Both principal and interest are payable in gold and are free of all present and future Mexican taxes.

"These are the facts while I was in charge of the Financial Agency.

"Later the greater part of the £10,000,000 of Bonds which were under option until the 1st of July, 1915, as above referred to were issued by the Mexican Government as follows:

"Through Messrs. Spyer & Co. and the Guarantee Trust Co. of New York to provide for the payment of interest due upon certain obligations of the National Railways of Mexico. This issue was made at 85%.

"A further amount was issued also at 85% of their par value and placed with the National Bank of

Mexico, the Bank of London and Mexico and the Mexican Bank of Commerce and Industry as security for a loan.

"A further sum of upwards of £3,000,000 of such Bonds was issued for the purchase of armament and and other property by the Mexican government, and I know that against a part of the Bonds so issued Messrs. Reuter's Bank Ltd. of London made a public issue of the Trust Certificates of Messrs. W. B. Peat & Co., of 11 Ironmonger Lane, London, E. C., each £100 Bond being security for a Certificate of £85. The issue price of these Certificates was 82 per cent. This issue was made on 19th May 1914.

"The bonds which were deposited securing such issue were delivered in terms of contract entered into by the Mexican Government in January and March 1914, and the Financial Agent of the Mexican Government in London, Señor Pedro M. del Paso, published a letter in the prospectus issued by Messrs. Reuter's Bank Ltd. of London and printed in the London press, in which he stated that he was authorized by the Minister of Finance of his Government to advise that such contracts had been presented to and formally approved by the Congress of the Mexican Republic, and that such ratification and approval was by a law passed by the Chamber of Deputies on 29th April 1914 and by the Senate on 2nd May 1914.

"In my opinion each and every Bond of the above loan of £16,000,000 sterling stands upon the same absolute and identical footing, both as regards principal, interest and security; and each and every Bond of the loan of £16,000,000 has the same legal and binding validity; they are in all respects the irrevocable, legal and binding obligation of the Mexican nation, created entirely in accordance with the laws of that Republic, and issued by the officials upon whom the law confers the necessary faculties. In consequence of this, all of these Bonds must be recog-

nized until their complete payment, as having all of the values and guarantees which have been stipulated in respect thereto, not only by the actual Government, but also by any other Government which may take its place under the constitutional regime of the Mexican Republic.

"(S) LUIS L. DE LA BARRA."

(Annex 33, p. 457.)

CLAIMANT FULLY PERFORMED HIS PART OF CONTRACT

175. The Claimant fully performed any, every, and all obligations upon him imposed by the contract of January 8, 1914 (Annex 19, p. 402), and by the contract of March 2, 1914 (Annex 21, p. 424), as is expressly stipulated and provided in sub-paragraph C of Clause First of the Contract of March 2, 1914 (Annex 21, p. 424), which reads in part as follows:

"Upon the delivery to the Mexican Government by the said Mr. John W. de Kay of 51% of the Voting Trust certificates of the Mexican National Packing Company Ltd., which shall be made simultaneously upon signing the contracts to be entered into between said Mr. John W. de Kay and the Bank or Bankers and the contractors of war material up to the amount of 35,000,000 francs, the Government expressly agrees that the whole of the obligations imposed upon said Mr. John W. de Kay under the contract of the 8th January 1914 hereinabove referred to, made between the Government and himself, have been fully complied with and that in so far as said contract of the 8th January 1914 above mentioned has not been altered by the present contract, the said contract of the 8th January 1914 above mentioned remains in full force and effect and that the obligations imposed upon the Mexican Government by Articles fifth and fourteenth of the said contract of the 8th January 1914 remain in full force and vigor." (Annex 21, p. 424.)

176. On March 6, 1914, the claimant in fulfillment of the condition thus set out, made with the Banque Cantonale and St. Chamond an agreement covering the bonds to be used for the payment of the debts of the Mexican Government and for the carrying through of contracts already in existence for arms and ammunition for said Government, (Annex 22, p. 430) and on the same date he made with the Banque Cantonale and with the Cartoucherie Francaise S. A., a contract which provided for the payment of the debts of the Mexican Government under contracts made with the Governments of Presidents Diaz, Madero, and Huerta and for the supplying of arms and ammunition up to (for the two contracts) 35,000,000 francs. (Annex 23, p. 437.)

177. On or before March 4, 1914, the claimant delivered to the Financial Agent of Mexico in London the Voting Trust Certificates representing 51 per cent. of the common stock of the Mexican National Packing Company, Limited, which Certificates carried with them the equitable ownership of 51% of the assets of that Company. (Annex 24, p. 445.)

178. Thus, as already stated, the claimant herein fully performed all his obligations under the contract of January 8, 1914 (Annex 19, p. 402) and March 2, 1914 (Annex 21, p. 424) as expressly stipulated in the contract of March 2, 1914, and became entitled to the full performance by the Government of Mexico of its obligations.

VIII. This claimant has not received the amount stipulated to be paid in said contract of January 8, 1914, as amended by the contract of March 2, 1914, or any part thereof except as herein set forth, and has never received any sum of money or its equivalent, or indemnification in any form for the whole or part of the loss and damage upon which this claim is founded, except as noted.

WHEREFORE, inasmuch as the claimant delivered to the Mexican Government the 51 per cent. of the Voting Trust certificates of the Mexican National Packing Company, Limited, such 51 per cent. constituting the control of said Company, said certificates carrying with them the equitable ownership of 51% of the assets of the Company, and otherwise duly performed his obligations under and pursuant to the contract of January 8, 1914, as amended by the contract of March 2, 1914, and inasmuch as pursuant to the transfer of said Voting Trust Certificates the Mexican Government entered into and took possession of the property and business of the Mexican National Packing Company, Limited, which property and business Mexico has ever since held, and has appropriated and used for its own purposes and for the benefit of the people of Mexico all and whatsoever income derived therefrom, without any payment therefor or distribution thereof being made to the claimant; and inasmuch as the Mexican Government has repudiated the bonds given to the claimant to secure the payment for the 51 per cent. of the Voting Trust Certificates of the Mexican National Packing Company, Limited, and the resulting equitable ownership of 51% of the assets of the Company, and has never made any payment with reference thereto, except the payment already referred to of the first semi-annual interest due and payable upon such bonds which money so paid was loaned by Mr. de Kay (the claimant herein) to Mexico; and inasmuch as the claimant has not received any sum of money or other compensation whatsoever, other than the interest payment above mentioned, for the property which he thus sold and delivered to the Mexican Government,—

NOW THEREFORE the Government of the United States prays that an award may be made to it upon behalf of Mr. John W. de Kay the claimant herein for and in the amount of the sum named in Clause III hereof.

DISTRICT OF COLUMBIA

City of Washington, ss:

John W. de Kay, being first duly sworn, on oath deposes and states that he is the claimant mentioned in the foregoing memorial of claim; that he has read all and singular the statements contained therein; that the statements made of his own knowledge are true, and those made upon information and belief he verily believes to be true.

JOHN W. DE KAY

Subscribed and sworn to before me this 3rd day of June, 1927.

AMELIA V. ERNST

My commission expires Jan. 6, 1929.

Subscribed and presented with accompanying annexes for filing before the General Claims Commission, United States and Mexico.

C. L. BOUVÉ,
Agent for the United States.

No. 2718

Ante la Comisión General de Reclamaciones, los Estados Unidos y México

(De acuerdo con la Convención celebrada el 8 de septiembre de 1923)

Los Estados Unidos de América en Nombre de John W. de Kay

contra

Los Estados Unidos Mexicanos

MEMORIAL DE LOS ESTADOS UNIDOS

C. L. BOUVÉ,
Agente de los Estados Unidos.

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Ante la Comisión General de Reclamaciones Estados Unidos y Mexico

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Los Estados Unidos de América en Nombre de John W. de Kay

contra

Los Estados Unidos Mexicanos

MEMORIAL

Los Estados Unidos de América, en nombre del reclamante, John W. de Kay, respetuosamente exponen lo siguiente ante la Comisión General de Reclamaciones, Estados Unidos y México:

I. El reclamante es ciudadano nativo de los Estados Unidos de América; nació cerca de New Hampton, Iowa, Estados Unidos de América, y en todas las ocasiones que se mencionarán más adelante ha sido, y es en la actualidad, ciudadano de los Estados Unidos de América. (Anexo 1.)

II. Los Estados Unidos de América presentan esta reclamación en nombre del reclamante, John W. de Kay, en su propio derecho. El importe total de la mencionada reclamación que se formula en el presente por concepto del precio de compra estipulado en el contrato que más adelante se expondrá, pertenece actualmente, como perteneció cuando

dicha reclamación tuvo su origen, única y absolutamente al reclamante, y ninguna otra persona ha estado ni está interesada en la citada reclamación que se formula por el aludido precio de compra, o en parte alguna de la misma.

III. La reclamación que se describe en el presente Memorial por concepto del aludido precio de compra y el interés devengado por el mismo, en fecha 1 de enero de 1927 ascendía a $8,699,687.50, moneda oro de los Estados Unidos, ($4,971,-250.00 del precio de compra y el interés al 6% estipulados en el contrato por 12½ años, es decir, desde el 1 de julio de 1914 hasta el 1 de enero de 1927) e interés al 6% sobre $4,971,250.00 desde el 1 de enero de 1927.

IV. Esta reclamación se originó mediante la venta que el citado reclamante, John W. de Kay, le hizo a México del 51% de los Certificados de Votación (Voting Trust Certificates) que representaban 51% de las acciones ordinarias (common stock) de la Compañía Empacadora Nacional Mexicana, Limitada, y, por consiguiente, la propiedad del 51% de los haberes de dicha Compañía, siendo el expresado reclamante el dueño absoluto de los mencionados Certificados y acciones vendidos en tal forma, y ninguna otra persona ha tenido ningún derecho, título ni interés en dichos Certificados ni en las referidas acciones.

De acuerdo con las concesiones exclusivas que otorgó el Gobierno Mexicano para tal fin, la expresada Compañía poseía y operaba los únicos establecimientos de empaque y refrigeración existentes en México en la época en que se verificó la venta, a saber: de enero a marzo de 1914.

La venta de los expresados Certificados de Votación la hizo el dueño de los mismos, John W. de Kay, en favor de México por conducto de la Secretaría de Hacienda y Crédito Público, Departamento de Crédito y Comercio.

Cuando se efectuó la citada venta, la Compañía Empacadora Nacional Mexicana, Limitada, era una empresa

próspera y se encontraba en buenas condiciones, y era dueña de la propiedad descrita en el Contrato de Venta y de otros bienes de gran valor.

Habiendo adquirido México por medio de la expresada compra el dominio de la Compañía Empacadora Nacional Mexicana, Limitada, y la propiedad de hecho del 51% del activo de la mencionada Compañía, el Gobierno Mexicano asumió el manejo de la aludida Compañía, eligió sus fideicomisarios (los cuales tenían el derecho y poder para elegir a toda la Junta de Directores, derecho y poder que ejercitaban), tomó posesión de la propiedad de dicha Compañía (en el mes de abril de 1914) y comenzó a disfrutar de la misma, y desde la mencionada fecha recibió todas las rentas, utilidades y réditos derivados de la aludida propiedad e hizo uso de los mismos sin dar cuenta de ello a los demás condueños o accionistas de dicha Compañía ni pagar en ocasión alguna a tales condueños o accionistas suma alguna de dinero por concepto del interés o redención de los valores (securities) o por concepto de los dividendos causados por el capital.

El Gobierno Mexicano le entregó al reclamante que figura en el presente, en pago de los Certificados de Votación y la propiedad de hecho del 51% de los haberes de la Compañía, y como justo pago por tal concepto conforme a ciertas contingencias especificadas—Certificados que, según se ha dicho ya, le dieron a México no sólo la propiedad de hecho del 51% de los haberes de la Compañía sino también el dominio de dicha Compañía y habilitaron al Gobierno Mexicano para que manejara el negocio en la forma descrita anteriormente—Bonos del Tesoro del Gobierno Federal Mexicano, al 6%, por 10 años, 1913, habiéndose emitido dichos bonos de acuerdo con una ley idéntica al decreto que autorizó los bonos emitidos por México en el mes de mayo de 1913 para el International Banking Group, siendo en realidad los bonos que se le entregaron al reclamante una parte

de los que estaban para opción del International Banking Group conforme al contrato celebrado el 8 de junio de 1913, opción que estaba completamente protegida por el contrato celebrado entre el Gobierno Mexicano y el reclamante.

Pero dentro de un término de nueve meses desde la fecha en que se le expidieron dichos bonos al reclamante que figura en el presente y mientras el citado reclamante los retenía como una garantía del pago, y casi ocho meses antes de que los aludidos bonos, según los términos del contrato celebrado entre el Gobierno Mexicano y el reclamante que figura en el presente, pudieran pasar a ser legítima propiedad del reclamante por concepto del pago conforme a las contingencias especificadas (debiéndose esto a la opción mencionada anteriormente y al contrato de compra celebrado con sujeción a la referida opción), y sólo ocho meses después de la fecha en que el Gobierno Mexicano quedó en posesión de las grandes propiedades de la Compañía y comenzó a disfrutar de las mismas, el Gobierno de México repudió los mencionados bonos que en tal virtud se le habían entregado al reclamante a fin de que obtuviera el pago del interés que dominaba la Compañía y la propiedad de hecho del 51% de los haberes de la citada Compañía, anulando, de ese modo, todo el valor que tenían dichos bonos y haciendo que los mismos no se pudiesen ofrecer en venta en el mercado y que fueran meros papeles de desecho. Desde aquella fecha hasta la presente, el Gobierno Mexicano firmemente ha rehusado reconocer la validez de tales bonos, no obstante haber retenido siempre en su poder la propiedad que se dió en pago de dichos bonos y haber dedicado la misma para su propio uso y todas las rentas, utilidades y réditos derivados de dicha propiedad.

El mencionado reclamante que figura en el presente no ha recibido de parte del Gobierno Mexicano por la propiedad que le vendió a México ninguna suma de dinero o alguna otra

propiedad, o cualquiera otra clase de pago por concepto de los citados bonos, a no ser el pago del primer interés devengado por los bonos el 1 de julio de 1914, ascendente a unos $80,000.00, moneda oro de los Estados Unidos, primer pago de interés que se hizo antes de que el Gobierno de México decretara la repudiación de los citados bonos, pago que se le hizo al reclamante con el dinero que el mismo reclamante le había prestado al Gobierno Mexicano a solicitud de éste a fin de hacer el referido pago.

En vista de que el Gobierno de México repudió de tal modo y redujo a ningún valor los bonos que le fueron entregados al reclamante como una garantía del pago de la propiedad vendida por él o como legítimo pago por tal concepto según ciertas contingencias, ocurriendo tal repudiación antes de que los bonos pasaran a ser legítima propiedad del reclamante conforme a los términos del contrato de venta; y en vista de que todos los gobiernos subsiguientes de México han persistido en hacer y mantener dicha repudiación, lo que ha dado por resultado, primero: que el reclamante, debido a la referida repudiación, no puede ni ha podido nunca contar con dichos bonos como principal o interés, a no ser el pago de interés ya mencionado, y, segundo: que el reclamante no ha recibido de parte del Gobierno de México ningún otro pago o compensación de ninguna especie a no ser cualquier pago de interés derivado de cualquiera propiedad vendida y entregada a México.

Por lo tanto, la presente reclamación se formula por concepto del precio de la propiedad que el reclamante que figura en el presente, John W. de Kay, vendió y entregó a México, incluyendo el interés que devengue el mismo al tipo estipulado en el contrato de compra, siendo el mencionado precio convenido en el citado contrato el valor nominal de los bonos que le fueron entregados a Mr. de Kay (por los cuales, según se ha dicho ya, también se pide interés de

acuerdo con las disposiciones del aludido contrato de compra), propiedad por la cual, según se ha expuesto anteriormente, no ha pagado México el precio convenido en el contrato ni parte alguna del mismo, ni ha hecho compensación alguna en tal concepto a no ser el pago del interés a que ya se ha hecho referencia.

En este Memorial no se formula ninguna reclamación por concepto de cualquiera transacción o contrato de alguna especie relativo a armas o municiones, sino única y exclusivamente por la venta del control de la Compañía Empacadora Nacional Mexicana, Limitada.

V. El negocio de la Compañía Empacadora Nacional Mexicana, Limitada, fué concebido, iniciado y desarrollado por John W. de Kay, el reclamante que figura en el presente, quien dedicó catorce años de su vida a comenzar y levantar en México el negocio de matanza, empaque, refrigeración y venta de carne en el mercado. A pesar de que es legalmente inmaterial a los asuntos de este caso, el reclamante declara bajo protesta que durante todo este tiempo no recibió ni un centavo por concepto de sueldo de parte de la Compañía Empacadora Nacional Mexicana, Limitada, ni de ninguno de sus predecesores, ni recibió directa o indirectamente ningún honorario o comisión por la compra, venta o cualquiera otra disposición de los valores de la Compañía, o de sus predecesores en interés, excepto la comisión que recibió en común con los demás financieros que compraron los diferentes valores emitidos, ni recibió de parte de la Compañía ninguno de sus bonos, excepto los que compró y pagó él mismo por medio de subscripciones hechas de acuerdo con los términos en que se le vendían dichos bonos al público en general, ni recibió personalmente de parte de la citada Compañía ninguna suma de dinero por concepto de los servicios que le prestó a la aludida Compañía, a no ser los gastos en que incurría cuando se encontraba fuera de México en

asuntos de la misma Compañía, gastos que fueron autorizados por la Junta de Directores de la mencionada Compañía, y los que fueron pagados después de un examen minucioso de los libramientos presentados con la cuenta de tales gastos. (Anexo 2, Pág. 222; Anexo 3, Párr. 19, Pág. 278.)

VI. Para verificar las aseveraciones anteriores y todas aquellas que se harán en lo sucesivo en la reclamación que se formula en el presente Memorial, se llama la atención, ya que tales asuntos han de encontrarse allí, hacia los libros y archivos de la Compañía, los cuales demuestran el capital invertido y a qué partida se dedicó, el monto de los negocios llevados a cabo, el importe de las entradas y el uso que se hizo de las mismas—habiéndose dejado en el negocio de la Compañía todas las entradas que excedía el interés de los bonos de la Compañía—así como también todos aquellos asuntos que son la base de la historia del negocio. (Anexo 3, Párrafo 15, Pág. 276.) Estos libros y archivos pasaron a poder de México cuando se verificó la venta de los susodichos Certificados de Votación (Voting Trust Certificates), y México tomó posesión de los mismos en conjunto con la otra propiedad y haberes de la empresa, y para la substanciación de cada una de las aseveraciones que se harán más adelante con respecto a todos y cada uno de los hechos esenciales expuestos en este Memorial que no estén plenamente comprobados por los documentos que se acompañan con el presente, en cuanto a que dichos hechos sean materiales, dado caso que lo sean, para la decisión de este caso, se llama la atención hacia esos libros, informes, documentos y archivos de la Compañía Empacadora Nacional Mexicana, Limitada, que en tal virtud pasaron a poder de México, y los que no se encuentran en poder del Gobierno de los Estados Unidos de América y a los que no tiene acceso el citado Gobierno de los Estados Unidos de América.

El Gobierno de los Estados Unidos de América llama la atención hacia el hecho de que, en vista de que los libros, informes, documentos y archivos de la Compañía fueron entregados a México, no es posible suministrar en todos los casos las pruebas originales (primary proof) de que se pudiera disponer si tales libros, informes, documentos y archivos estuvieran en su poder, y, por lo tanto, frecuentemente ha sido necesario hacer uso de las pruebas secundarias (secondary proof) que lograron quedar en poder del reclamante.

Primera Parte

HISTORIA DEL ESTABLECIMIENTO Y DESARROLLO DE LA EMPRESA

VII. Aun cuando no viene a propósito para la reclamación que se formula en el presente, para entender el caso sería provechoso exponer los hechos y circunstancias que demuestran la clase, valor e importancia de la empresa que se le vendió a México, y los que demuestran también la clase y naturaleza de las transacciones que dieron motivo para formular esta reclamación.

Examen Preliminar

1. En el año 1900 no existía en México ningún establecimiento que se dedicara al empaque y refrigeración de carnes, y las condiciones que rodeaban la matanza y venta de carnes, en el mercado de la Ciudad de México eran tales que al reclamante se le informó que en la Ciudad de México ocurría un mayor número de muertos por cada millar de personas debido al envenenamiento mediante el uso de carnes malas que el número de muertos habido en cada millar de personas en Nueva York o Chicago por todas causas, incluyendo la vejez. (Anexo 2, Párrafo 4, Pág. 223; Anexo 3, Párrafo 7, Pág. 273.) Las mismas condiciones existían por todo el país. (Anexo 3, Párrafo 23, Pág. 279.) En vista de estas condiciones, el reclamante que figura en el presente, John W. de Kay, emprendió a hacer un estudio e investiga-

ción de la posibilidad que había de establecer mataderos modernos y establecimientos de empaque y refrigeración de carnes en México. Su labor fué allanada por medio de cartas que el Presidente Díaz dirigió a los Gobernadores de los diferentes Estados.

Después de invertir casi año y medio en su estudio e investigación, el reclamante recurrió al Gobierno de México para conseguir una concesión para el establecimiento de la industria mencionada, lo que resultó que en fecha 4 de abril de 1903 se celebró un contrato entre el General Manuel Gonzáles Cosio, Secretario de Estado y del Despacho de Gobernación, en representación del Ejecutivo Federal, y el Lic. Luis Méndez en representación de "The North-American Beef Company", (una compañía que dominaba el reclamante) para el establecimiento de dos fábricas para utilizar varios productos de desechos animales y dos casas empacadoras. (Legislación Mexicana, Dublán y Lozano, Tomo 35, Primera Parte, Pág. 435 hasta 438.)

2. El Gobierno del Estado de Michoacán también otorgó concesiones para la construcción y operación de una casa empacadora, un establecimiento de refrigeración, una fábrica de hielo y una fábrica de desechos animales, etc., en el mencionado Estado. (Anexo 2, Párrafo 6, Pág. 223.)

3. En seguida se tomaron medidas para darle principio al trabajo que exigían estas concesiones.

4. Luego de haberse terminado el estudio e investigación preliminares, y haberse emprendido las negociaciones abarcadas por las concesiones descritas anteriormente, empezó a desarrollarse una competencia por parte de ciertas empresas financieras mexicanas de gran poder, dando por resultado que el 21 de agosto de 1902 y el 8 de diciembre de 1902 se otorgaron concesiones para el establecimiento de mataderos en la Ciudad de México: y en fecha 14 de noviembre de 1903 se fundieron estas dos concesiones en una sola la cual fué

negociada entre el Sr. Roberto Gavol, Director General de Obras Públicas del Distrito Federal, y el Sr. Alberto Terrazas, Administrador de "La Internacional, S. A." (Dublán y Lozano, op. cit., Tomo 35, Pág. 1427 hasta 1437.)

5. Esta concesión nombrada en último término parece haber creado un monopolio para la matanza de ganado en el Distrito Federal. Generalmente se sabía que además de Terrazas, interesadas en esta concesión se encontraban las personas que se nombran a continuación: José Limantour, Ministro de Hacienda de México: Joaquín D. Casasús, Enrique Creel y otros más. (Anexo 2, Párrafo 18, Pág. 229.)

Erección de Establecimientos

6. Luego que Mr. de Kay obtuvo la concesión del 4 de abril de 1903 (Dublán y Lozano, op. cit., Tomo 35, Pág. 435 hasta 438), en seguida se comenzó a erigir la casa empacadora y el almacén de refrigeración de Uruapam, Estado de Michoacán. El trabajo de construcción de la casa empacadora se estaba haciendo en aquel tiempo y por mucho tiempo después de ello con los propios fondos del reclamante. A fin de facilitar el establecimiento del negocio se vió que era necesario transferir las concesiones, con el consentimiento del Gobierno Mexicano, a una nueva compañía denominada "United States Packing Company," la cual se había organizado conforme a las leyes del Estado de Nueva Jersey, Estados Unidos de América. De conformidad con una solicitud hecha el día 27 de marzo de 1905, y de acuerdo con el consentimiento dado por el Gobierno Mexicano en fecha 23 de junio de 1905, se ejecutó debidamente un contrato para el traspaso de las concessiones, habiéndose celebrado dicho contrato entre los representantes de "The North-American Beef Company" y los de la "United States Packing Company" en fecha 1 de julio de 1905, y el que fué firmado y ratificado en debida forma ante

un Notario de la Ciudad de México el día 17 de julio de 1905. (Anexo 4, Pág. 287.) En consecuencia a eso la Compañía Empacadora hizo una emisión de bonos por valor de $600,000.00, por veinte años, al 6%, bonos que fueron comprados por Mr. de Kay y sus amigos, dedicándose al negocio todo el dinero derivado de los mismos, lo que demostrarán los libros de la compañía. (Anexo 2, Párrafo 7, Pág. 223.)

7. El día 18 de octubre de 1905 el Gobierno de México aprobó formalmente este traspaso hecho en favor de la "United States Packing Company." (Anexo 5, Pág. 288.)

8. El 15 de noviembre de 1905 el Gobierno Mexicano formalmente prorrogó por un año el plazo concedido para la hechura de los planos, el comienzo del trabajo, etc., de la segunda fábrica y la casa empacadora que se tenía en perspectiva en Veracruz. (Diario Oficial, Tomo 81, No. 19, 22 de noviembre de 1905, Pág. 297.)

9. En realidad, la erección de una casa empacadora en Veracruz quedó abandonada finalmente, pues se averiguó que después de levantar el establecimiento de la Ciudad de México, en Uruapar y en la Ciudad de México podía prepararse suficiente carne para abastecer los mercados de carne abiertos entonces para el expendio de las carnes mexicanas, y que tales carnes podían suministrarse a precios que hacían innecesaria la construcción de una casa empacadora en Veracruz. (Anexo 2, Párrafo 24, Pág. 231.)

10. El día 17 de marzo de 1906 el Gobierno Mexicano prorrogó el plazo para la terminación de la fábrica dedicada a los desechos y la terminación de la casa empacadora de Uruapán hasta el 30 de noviembre de 1906. (Dublán y Lozano, Op. Cit., Tomo 38, Págs. 295 y 296.)

11. El día 24 de noviembre de 1906 el Gobierno Mexicano prorrogó nuevamente el plazo concedido a las diferentes empresas en el contrato celebrado el 4 de abril de 1903, de

la misma manera en que había sido prorrogado, e hizo otras reformas en dicho contrato, incluyendo, entre otras, la adición de ciertas condiciones mediante las cuales podría anularse el mencionado contrato. (Dublán y Lozano, op. cit. Tomo 38, Pág. 1262 hasta 1264.)

12. En el año 1906 la United States Packing Company hizo arreglos para conseguir fondos adicionales en Londres, y de acuerdo con las gestiones llevadas a cabo por Mr. de Kay con los banqueros de Londres, la Compañía Empacadora hizo una emisión de $2,000,000.00 en bonos oro, al 5%, por veinte años. A los tenedores de bonos se les expidieron bonos de esta clase por valor de $700,000.00 a cambio de los bonos que retenían de antemano por valor de $600,000.00 y a los cuales se ha hecho referencia en el Párrafo 6 expuesto anteriormente, y el importe de $1,300,000.00 restante de los bonos del 5% fué vendido a los banqueros de Londres en el mes de diciembre de 1906, los que se le ofrecieron al público inglés a la par en el mes de enero de 1907. A solicitud de los banqueros de Londres se había cambiado el nombre de la United States Packing Company por el de Compañía Empacadora Nacional Mexicana. Esta emisión de bonos industriales al 5% de una empresa mexicana con valor a la par fué, según lo afirma el reclamante, la primera y última emisión que se hizo de bonos industriales mexicanos al 5%, con valor a la par. El efecto que produjo esta transacción con respecto al crédito mexicano fué tal, que Mr. de Kay recibió por cable mensajes de felicitación de parte del Presidente Díaz y del Ministro de Hacienda Limantour, siendo este último uno de los que estaban interesados en las concesiones del Rastro, empresa que le hacía la competencia a la Compañía Empacadora Nacional Mexicana. Los originales de estos mensajes cablegráficos se encuentran en los archivos de la compañía que pasaron a poder del Gobierno Mexicano. (Anexo 2, Párrafos 7 hasta el 9, Pág. 223.)

13. Con relación al estado de este negocio cuando se emitieron estos bonos, es de notarse que entre los abogados ingleses (English solicitors) sancionaron la legalidad de estos bonos y la perspectiva de los mismos, se encontraban Sir L. Worthington Evans, que más tarde fué Administrador General de Correos de Inglaterra, y en 1927, Ministro de Guerra de Inglaterra, y los Sres. Linklater and Co., abogados que eran muy bien conocidos en Londres. Es de saberse que estos abogados consultaron y aceptaron la opinión de Rufus Isaacs, Asesor, quien más tarde fué Canciller de Inglaterra, Lord Reading, y luego Virrey de la India. Los banqueros que estaban encargados de esta emisión de bonos eran el Martin's Bank, Limited, de Londres. (Anexo 2, Párrafo 9, Pág. 224.)

14. El 21 de junio de 1907 el Gobierno Mexicano prorrogó el plazo para la apertura del establecimiento que se habría de utilizar para los desechos animales y la terminación de la casa empacadora de Uruapán hasta el 31 de diciembre de 1907, enmendado, a la vez, el Gobierno Mexicano el contrato celebrado el 4 de abril de 1903 y disponiendo otras razones mediante las cuales podría el Gobierno declarar la nulidad del contrato aludido. (Dublán y Lozano, op. cit., Tomo 39, Pág. 432 hasta 435.)

15. El día 4 de septiembre de 1907 se reformó el contrato de Terrazas celebrado el 14 de noviembre de 1903 para la construcción del Rastro en la Ciudad de México. (Dublán y Lozano, op. cit., Tomo 39, Pág. 480 hasta 484.)

16. En el año 1907, después de la fecha en que se pusieron para la venta en el mercado los bonos a que se ha hecho referencia, es decir, en el mes de enero de 1907, la Compañía aumentó el capital con que trabajaba por medio de una emisión de bonos de diez millones de dólares, oro americano, al 6%, por veinte años, con la Empire Trust Company de Nueva York como fideicomisario. Los abogados de la

Compañía en esta época eran Samuel Untermyer de Nueva York y los Sres. Slaughter & May de Londres. El consejero inglés en esta época era el Licenciado Sir Douglas Hogg, el cual es Procurador General de Inglaterra en 1927. El empréstito fué hecho en Londres por mediación de los Sres. Glyn, Mills, Currie & Co., los que por espacio de cuarenta años habían sido los banqueros de México en Londres. (Anexo 2, Párrafo 9, Pág. 224.)

Apertura de los Establecimientos

17. El día 8 de enero de 1908 el Vice-Presidente de la República, Sr. Ramón Corral, actuando en nombre del Presidente Díaz, abrió formalmente la casa empacadora de Uruapán, Estado de Michoacán. A esta inauguración formal de la industria empacadora en México asistieron los representantes de las principales casas bancarias y bancos de Londres, un número de americanos prominentes y muchos mexicanos distinguidos. Los discursos pronunciados en esta ocasión por distinguidos mexicanos son prueba del carácter substancial de la empresa que en tal forma se inauguraba y de la importancia de la misma para la nación mexicana. (Anexo 6, Pág. 289; Anexo 3, Párrafos 8 hasta el 10, Pág. 274.) En el Anexo 7 se encontrarán fotografías auténticas de este establecimiento de Uruapán y sus demás plantas subsidiarias y auxiliares y demás negocios.

18. Los Directores de la Compañía Empacadora Nacional Mexicana en esta época acreditan el valor de la Compañía y la importancia de sus operaciones. Estos Directores eran:

John W. de Kay, Presidente de la Compañía,

Sebastián Camacho, Presidente del Banco Nacional de México, Presidente del Senado Federal, y Vice-Presidente de la Compañía,

General Fernando González, Gobernador del Estado de México,

Julio M. Limantour, Director del Banco Nacional y hermano del Ministro de Hacienda, Sr. Limantour,

George I. Ham, Presidente de la United States Banking Company, Ciudad de México,

Luis Méndez, Presidente de la Comisión de Ferrocarriles del Gobierno Mexicano,

Francisco Alfaro, Miembro del Congreso, Ciudad de México,

Carlos de Landa y Escandón, hermano de William de Landa y Escandón que era Gobernador del Distrito Federal,

J. F. Uriarte, Senador Mexicano y uno de los nombrados personalmente para la Junta por el Vice-Presidente Ramón Corral,

H. P. Chesley, Administrador General de la Compañía, que antes era Vice-Presidente del National Livestock Bank de East St. Louis, Illinois, y Administrador General de la St. Louis Stockyards Company. (Anexo 2, Párrafo 34, Pág. 237.)

De estos Directores, los Sres. González, Camacho y Ham invirtieron personalmente grandes sumas de dinero en el negocio. (Anexo 2, Párrafo 9, Pág. 224.)

19. El día 17 de enero de 1908 se concedió una prórroga del plazo estipulado para el levantamiento de una fábrica y una casa empacadora bien en el Estado de Hidalgo, en el de México o en el de Querétaro. (Dublán y Lozano, op. cit., Tomo 4, Pág. 25 hasta 26.)

20. El 7 de febrero de 1908 se celebró un contrato entre el Gobierno de México y la Compañía Empacadora Mexicana en el que se hacían las disposiciones relativas a la inspección de la carne derivada de la matanza y preparada en Uruapán. (Dublán y Lozano, op. cit., Tomo 40, Págs. 391 y 392.)

Desde esta fecha en adelante, toda la carne derivada de la matanza y vendida por la Compañía estaba sujeta a la más rígida inspección a fin de proteger la salud de los consumidores. Este hecho es de suma importancia al tratar los asuntos que se discuten en los párrafos Nos. 41 y 64 que se expondrán más adelante en el presente. (Anexo 2, Párrafo 15, Pág. 226.)

21. El día 11 de febrero de 1908 se celebró un contrato entre el Gobierno Mexicano y la Compañía Empacadora Nacional Mexicana, autorizando a la citada Compañía Empacadora Nacional Mexicana para establecer en la República de México almacenes, refrigeradores, depósitos y establecimientos de refrigeración para la conservación y distribución de productos alimenticios. Este contrato contenía ciertas estipulaciones que disponían que el contrato quedaría nulo y sin valor cuando acaecieran ciertos hechos que se especificaban. (Dublán y Lozano, op. cit., Tomo 40, Pág. 44 hasta 48.)

22. El 26 de junio de 1908 el Gobierno Mexicano prorrogó nuevamente el plazo para la construcción de otro establecimiento, bien en el Estado de Hidalgo, en el de México o en el de Querétaro. (Dublán y Lozano, op. cit., Tomo 40, Pág. 202.)

23. El total de animales sacrificados en el establecimiento de Uruapán fué el siguiente:

225,000 cabezas de ganado vacuno.
225,000 cabezas de ganado ovino.
225,000 cabezas de ganado porcino. (Anexo 8, Pág. 299; Anexo 3, Párrafo 21, Pág. 279.)

Los Competidores Combaten a la Compañia en la Ciudad de Mexico

24. Inmediatamente después de la inauguración del establecimiento de Uruapán, la Compañía empezó a embarcar sus carnes refrigeradas para la Ciudad de México en consigna-

ciones por trenes especiales, enviando algunas veces hasta tres trenes especiales diariamente. Del establecimiento de distribución que tenía la Compañía en el Rancho del Chopo, establecimiento que consistía de un almacén de refrigeración que había levantado la Compañía Empacadora Nacional Mexicana en la Ciudad de México, se distribuía la carne para la mencionada Ciudad de México. El establecimiento del Rancho del Chopo había sido inaugurado personalmente por el Presidente Díaz en presencia de un grupo de mexicanos distinguidos, incluyendo todos los miembros de su gabinete. La distribución que se hacía desde el Rancho del Chopo era llevada a cabo, en su mayor parte, por medio de carros repartidores fabricados especialmente para la Compañía. (Anexo 2, Párrafo 13, página 225.) En el Anexo 7 se encontrarán fotografías auténticas del establecimiento del Rancho del Chopo.

25. Esta distribución continuó sin dificultad alguna por espacio de una semana que fué cuando los dueños de la concesión del Rastro, según información general en aquel tiempo y según los hechos que parecían substanciarla, hallando que los habitantes de la Ciudad de México preferían comprar la carne procedente de Uruapán en vez de la que se derivaba de la matanza hecha en medio de las condiciones insalubres que existían en el Rastro, hicieron que uno de los conocidos dueños del Rastro, José Inés Limantour, Ministro de Hacienda, ordenara la destrucción de varios cargamentos de carne de res, fundándose en que dicha carne de res había sido traída a la Ciudad de México sin haberse pagado ciertas contribuciones que se decía estaban por cubrirse. Cuando comenzó a traerse carne de Uruapán para la Ciudad de México, el Rastro estaba sacrificando diariamente unas 300 cabezas de ganado vacuno, 275 cabezas de ganado ovino y 250 cabezas de ganado porcino. (Anexo 2, Párrafos 13, 18, Pág. 225, 229; Anexo 3, Párrafo 21, Pág. 279.)

26. Como resultado de estas órdenes dadas por Limantour, el caso de la obligación que tenía la Compañía Empacadora Nacional Mexicana de pagar las contribuciones que él alegaba que estaban por cubrir, fué expuesto por Mr. de Kay ante el Presidente Díaz, quien, contando con la opinión de Luis Méndez (con quien consultó el Presidente Díaz el asunto), halló que las contribuciones que se decía que estaban por cubrir, no estaban en realidad por cubrirse, y Limantour y los demás dueños del Rastro recibieron instrucciones de llegar a un acuerdo con la Compañía Empacadora Nacional Mexicana con respecto a sus diferencias. Por consiguiente se comenzaron a hacer negociaciones con tal fin. (Anexo 2, Párrafo 18, Pág. 229.)

27. Mientras tanto, el mercado de carnes de la Ciudad de México estaba siendo acaparado rápidamente por la Compañía Empacadora Nacional Mexicana y al cabo de unos cuatro meses desde la fecha en que vino la primera carne de Uruapán a la Ciudad de México, el negocio del Rastro de la Ciudad de México había disminuído un 85%. (Anexo 2, Párrafo 15, Pág. 226; Anexo 3, Párrafos 11 y 12, 22 Pág. 275–279.)

Compra Forzosa que Tuvo que Hacer la Compañia del Negocio de los Competidores

28. Como resultado de las negociaciones emprendidas conforme a la orden del Presidente Díaz, entre los dueños del Rastro y los de la Compañía Empacadora Nacional Mexicana se celebró un contrato por medio del cual la mencionada Compañía Empacadora Nacional Mexicana adquirió las concesiones otorgadas a la Compañía del Rastro mediante una consideración de $1,250,000.00, oro americano. Esta suma fué pagada solamente por las concesiones, pues la Compañía del Rastro no poseía ninguna propiedad tangible. Este arreglo se hizo por medio de la compra de todo el capital de una compañía denominada "Rastro de la Ciudad

de México, S. A.", a la cual le habían sido traspasadas las concesiones otorgadas a "La Internacional, S. A." El 22 de octubre de 1908 el Gobierno de México celebró un contrato con la Compañía—"Rastro de la Ciudad de México"—con respecto a las operaciones de dicha compañía. (Dublán y Lozano, op. cit., Tomo 40, Página 446 hasta 452.) Este contrato modificó la concesión concedida originalmente a "La Internacional, S. A.," en cierto número de puntos importantes, entre las cuales se encontraba aquel en que se disponía que la propiedad "física" de la empresa del Rastro, que hasta aquel entonces sólo había sido empleada por la Compañía del Rastro, pasaría a ser propiedad legítima de la Compañía, y, además, el Gobierno se impuso la obligación de reducir por mitad, y nunca aumentarlas a más de eso, las contribuciones que la Compañía tuviera que pagar por concepto de los animales sacrificados en el Distrito Federal. Esta reducción, tomando en cuenta la cantidad de carne que se consumía entonces en la Ciudad de México solamente, ascendió a la suma de $250,000.00, oro americano, cada año. (Anexo 2, Párrafo 19 hasta 23, Pág. 230.) En el Anexo 7 se encontrarán las fotografías del Rastro y de los establecimientos subsidiarios auxiliares y negocios relacionados con los mismos.

29. Con respecto a esta compra que hizo la Compañía Empacadora Nacional Mexicana, compra que, según se ha indicado anteriormente, se hizo a la fuerza debido a que en aquella época el negocio del Rastro había disminuído un 85% (Anexo 2, Párrafo 15, Pág. 226), y no era ya, por consiguiente, uno de los competidores, el General Fernando González, uno de los Directores de la Compañía Empacadora Nacional Mexicana, y Gobernador del Estado de México, y uno de los que mayor inversión tenía en la empresa, le escribió la siguiente carta al Presidente de la Compañía

Empacadora Nacional Mexicana, el reclamante que figura en el presente:

Secretaría Particular,
Del Gobernador del Estado de México,
México, octubre 22, 1908.

Señor John W. de Kay,
Presidente de la Compañía
Nacional Empacadora,
Presente.

Mi estimado de Kay: Permítame felicitarle por su gran obra en adquirir la propiedad El Rastro. Siempre he considerado el negocio de la Compañía Empacadora como bueno, seguro y ventajoso, que daría buenas ganancias cualquiera que fuera el precio que Ud. tuvo que pagar. Ud. ha mejorado sus oportunidades de tal modo que estoy seguro como un hombre puede serlo que Ud. ha establecido el negocio tan solidamente que ninguna competición puede hacerle daño.

Hace varios meses que le dije que no estimaba dos millones y medio dólares un precio equitativo por El Rastro porque sabía muy bien que el negocio no valía eso y yo hubiese podido adquirirlo por menos, mas considerando el asunto como un negocio, le puedo asegurar que mi sentimiento personal es que si Ud. hubiese pagado dos o tres veces esa cantidad le hubiera valido por motivo de la personalidad que Ud. ha ganado por esta adquisición. No digo esto simplemente como ciudadano particular o por el conocimiento que tengo de estos asuntos con motivo de mi alta posición Oficial, pero lo digo en una manera muy leal como uno de los Directores de la Compañía; una posición que nunca hubiera aceptado a menos que estuviese satisfecho del futuro de la Compañía.

Lo que Ud. necesita ahora es estudiar e instalar una direción económica del negocio y tratar de conseguir hombres buenos y expertos para comprar e inspeccionar el ganado, sin permitir que influencias de afuera se le impongan a Ud.

Reiterando mis felicitaciones por el felíz resultado en haber terminado satisfactoriamente sus negociaciones con el Gobierno Mexicano y El Rastro, me suscribo,

Cordialmente,

(firmado) Fernando González.

(Anexo 9, p. 309.)

El Presidente Díaz Aprueba las Operaciones de la Compañía

31. En su mensaje al Congreso, dirigido el 1° de abril de 1908, el Presidente Díaz hizo la siguiente manifestación:

"Entre las varias concesiones que han sido otorgadas para el establecimiento de industrias en este país, debo hacer mención especial de aquella de la Compañía Empacadora Nacional Mexicana, la cual en Uruapán, Michoacán, y en el Rancho del Chopo, Distrito Federal, ha perfeccionado un sistema de casa empacadora, de refrigeradoras y factorías de desechos animales, estableciendo una planta la cual fué aceptada oficialmente el pasado diciembre, pues llenaba los requisitos de la concesión. Las operaciones empezaron el pasado enero con resultados beneficiosos para la salud pública." (Diario Oficial, abril 1° de 1908, Volumen 95, página 446.)

Exportación de Carnes a Inglaterra

32. El 5 de febrero de 1909, la Compañía Empacadora Nacional Mexicana hizo un convenio con "Lipton Limited," Londres, el cual estipulaba que la Compañía Empacadora Nacional Mexicana sería el unico agente de la "Lipton Limited" en la República de México, y que la "Lipton Limited" actuaría como agente vendedor general de todos los productos exportados, con excepción de las pieles, de la Compañía Empacadora Nacional Mexicana, en todas partes del mundo, exceptuando en el mismo México: (Anexo 2, párrafos 25–26, página 232; Anexo 8, página 299.)

33. El día 2 de abril de 1909, los Directores Sebastián Camacho, Presidente del "National Bank of Mexico," George I. Ham, Presidente de "The United States Banking Company" y John W. de Kay escribieron a "The British & Mexican Trust Company, Ltd.," "Londres, la siguiente carta:

34. "MUY SEÑORES NUESTROS: La Compañía Empacadora posee y maneja una Planta Empacadora, completamente moderna y de su absoluta propiedad, en Uruapán, Michoacán, incluyendo gran maquinaria refrigeradora y maquinaria para fabricar hielo, con una Planta Enlatadora. También está equipada con maquinaria moderna y equipos para sacrificar para la matanza 225,000 cabezas de ganado anualmente y el mismo número de cerdos y de carneros, y para la manufactura de los desechos de estos animales. La Planta funciona por medio de electricidad producida por la fuerza del agua cedida perpetuamente a la Compañía por el Estado y gratuita por diez y nueve años. Así mismo posee almacenes refrigeradores, mercados y talleres equipados con refrigeración moderna en las ciudades de México y de San Luis Potosí y está emprendiendo establecer mercados y talleres parecidas en otras partes de la República. Sus productos son transportados a los distintos mercados en sus propios carros refrigeradores.

"El Rastro de la Ciudad de México tiene una capacidad anual de 220,000 cabezas de ganado, 200,000 cerdos y 250,000 carneros y estuvo supliendo la carne consumida en la ciudad de México hasta que la Compañía Empacadora empezó a funcionar. Esta planta ahora tiene refrigeración moderna y una planta moderna completamente equipada para la manufactura de todas las latas y envases de empaque que se necesitan para los mercados domésticos y para los extranjeros.

"Las primeras consideraciones que tuvo el Gobierno Mexicano al otorgar las Concesiones importantes que

recientemente el Congreso Federal aprobó y al extender hasta el 31 de diciembre de 1926 las Concesiones y los privilegios otorgados a la Compañía Empacadora Nacional Mexicana, que han sido igualmente aprobados por el Congreso, fueron con la intención de suministrar la carne a México sobre una base sanitaria y dar inmediatamente a algunas de las principales ciudades y pueblos aparte de la Ciudad de México el beneficio de recibir los productos de carne sana, los cuales han sido suministrados al publico en la Ciudad de México por la Compañía Empacadora Nacional Mexicana por medio de su casa moderna empacadora en Uruapán y los productos de la cual, desde su principio, han sido acogidos con gran satisfación por parte del público.

"La consolidación de la Compañía del Rastro, incluyendo las Concesiones exclusivas del Gobierno para la Ciudad de México, con la Compañía Empacadora Nacional Mexicana facilitará a la Compañía Empacadora la distribución de los productos de la Planta del Uruapán para cumplir con los pedidos de algunas de las ciudades fuera del Distrito Federal, y la Compañía llenará los pedidos de la Ciudad de México y sus suburbios por medio de la planta del Rastro establecida en la Ciudad de México.

"Estas dos empresas hasta ahora han estado en competencia, pero con la planta reconstruída en la Ciudad de México trabajando en armonía como parte de la Compañía Empacadora, México obtendrá el beneficio que se saque del reparto de los productos sanos y refrigerados de la Compañía hecho sobre una area más amplia que hasta ahora ha sido posible, y la empresa, de este modo, podrá conservar las ganancias de este negocio y economías substanciales se harán ahora.

"Basadas en nuestra actual experiencia en cuanto al primer costo y gastos manufactureros de todos los productos y los precios por los cuales estos productos

se han estado vendiendo hacen varios años bajo condiciones normales, en la Ciudad de México, las Compañías consolidadas obtendrán (sin tomar en consideración lo que se ganan por no pagar contribuciones bajo las concesiones del Gobierno) una ganancia neta anual excediendo liberalmente a la suma que se necesita para cumplir todos los gastos determinados de la empresa, incluyendo los pagos de los intereses, y atesorará una reserva substancial." (Para la copia oficial, véase archivos de la Compañía en poder del Gobierno Mexicano; Anexo 8, página 299.)

35. El 13 de abril de 1909, el Sr. John Canfield, Gerente General de la "Lipton Limited" y Consejero Perito de la Junta Directiva de la Compañía Empacadora Nacional Mexicana, escribió la siguiente carta al Sr. John W. de Kay:

36. "He estudiado detenidamente las estipulaciones de sus Concesiones, junto con los cálculos y los gastos sometidos a mi parecer, de los negocios de la Compañía Empacadora Nacional Mexicana. No vacilo en manifestar que con una buena dirección su negocio está capacitado para tener un desarrollo extraordinario y puede hacerse de él uno de los negocios de carne más lucrativos del mundo." (Para el original véase los archivos de la Compañía en poder del Gobierno Mexicano; Anexo 8, página 299.)

37. El 28 de abril de 1909, la Compañía Empacadora Nacional Mexicana hizo una emisión a la par, de "debentures" del Rastro ofreciéndolos al público Británico, garantizados los mismos por primera hipoteca. (Anexo 8, página 299.) Los productos de estos "debentures" serían destinados para pagar por la acquisición de la empresa del Rastro (incluyendo cierto terreno que se compró al Gobierno Mexicano, Dublán y Lozano, op. cit., Volumen 40, páginas 446–452), para agrandar la planta y aumentar la maquinaria, y para los fines generales de la empresa, incluyendo el capital con el cual trabajaba la Compañía. Los consejeros legales

que trataban estas transacciones eran los siguientes señores: en la ciudad de México, Luís Méndez, Joaquín D. Casasús y Francisco Alfaro; en Nueva York, Guggenheimer, Untermyer & Marshall; y en Londres, Linklater & Co., y Slaughter & May. (Anexo 8, pág 299.) Se entiende que los consejeros a quienes se consultó en Londres eran Sir Douglas Hogg (en 1927 Procurador General de Justicia de la Gran Bretaña) y Sir Charles Russell. (Anexo 2, párrafo 25, p. 232.)

38. El aumento del consumo de carne en el Distrito Federal de México desde 1905 hasta 1908, inclusive, puede verse de la tabl[a] siguiente:

	1905	1906	1907	1908
Ganado-Vacuno	129, 688	123, 655	153, 994	156, 834
Ganado Porcino	75, 640	68, 324	88, 644	93, 016
Ganado Ovino y Cabrio	175, 640	168, 469	210, 357	189, 468
	380, 968	360, 448	452, 995	439, 318

(Anexo 8, p. 299.)

39. Después de haber tenido lugar el convenio con "Lipton Limited," la Compañía Empacadora Nacional Mexicana llevó adelante sus planes para la exportación de carne refrigerada a Europa con el resultado que el primer cargamento de esa carne se puso en el mercado de Inglaterra el 7 de octubre de 1909. En esa fecha el "Mexican Herald" (en una caricatura que representaba al Sr. John W. de Kay entregando un barco cargado de carnes marca "Popo" al Sir Thomas Lipton) hizo las siguientes manifestaciones:

40. "Hoy día en la Alegre Inglaterra en mil hogares el "Roast Beef" inglés que con un tarro de cerveza adorna las extremidades de las mesas tradicionales inglesas es carne asada de los llanos de México; pues actualmente la carne "Popo" envíada a la gran casa distribuidora de Lipton, Limited, se

está vendiendo en los mercados de Inglaterra y por primera vez en la historia, México está tomando un lugar reconocido como un factor verdadero en la gran obra de alimentar al mundo.

"Ya, que hace cosa de tres años, que el primer trabajo empezó con las casas empacadoras y con el gran sistema de la Compañía Empacadora Nacional Mexicana, sus movimientos y el engrandecimiento de su organización han sido observados con sumo interés. Por todo lo que prometió, por todo lo que proyectó y que nadie lo supo hasta que se había llevado a cabo, ha tenido mérito y ha recitido el interés y la atención de la gente de México.

"Ahora, con este cargamento envíado a Inglaterra, la compañía está otra vez haciendo buen negocio cumpliendo una de sus grandes promesas que las carnes Mexicanas, frescas y curadas, serían vendidas en los mercados de la capital más grande del mundo.

"La Argentina y el gran Suroeste de los Estados Unidos. ¡Ahora los abastecedores de carnes del mundo! Un cargamento relativamente pequeño ha salido de México pero queda respaldado por la promesa de lo que se hará y detrás está la gran compañía y su organización.

"La historia de México como exportador de metales preciosos empezó hace cuatro siglos; como país agricultor apenas empieza a ser reconocido por sus propios habitantes como capaz de sostenerlos. México, como factor en la vida económica del mundo toma ya el lugar que le corresponde, gracias al espíritu de progreso e industria de la gran compañía que encabeza el señor John W. de Kay. Que la Compañía Empacadora Nacional Mexicana cumplirá lo que ha prometido—y aún más—se asegura por el éxito que ha alcanzado por este, el segundo envío de carnes mexicanas, refrigeradas o curadas de enviarse al extrangero.

"La Compañía Empacadora no ha tenido reparo en gastar todo lo necesario por equipo en su gran

planta moderna o en el empleo de los primeros peritos del mundo. Joseph O'Mara de Irlanda tiene a su cargo las labores de la compañía y sus negocios de exportación y los jamones y el tocino marca 'O'Mara' son los productos más famosos de la Gran Bretaña, y las casas empacadoras O'Mara se conocen por doquiera.

"Es asunto de gran importancia para México que la calidad, sazón y sabor de las carnes 'POPO' sean tan aceptables al público británico y que la Compañía Empacadora haya abierto este gran ramo del comercio extranjero.

"La semana entrante se enviarán a Inglaterra dos trenes ferrocarrileros de carnes 'POPO' y los cuantiosos envíos que hace ahora la Compañía Empacadora se aumentarán constantemente.

"Las industrias rancheras, ferrocarrileras y navieras de México contemplan con profundo interés estas actividades de la Compañía Empacadora y en varias partes de la República se han iniciado pasos preparativos para mejorar la cría y aumentar la procreación del ganado en vista del aumento del movimento de la Compañía Empacadora." (Anexo 10, pág. 310; v. Anexo 3, párrafo 24, pág. 280.)

Negociaciones con Díaz para la Venta del Negocio al Gobierno Mexicano

41. En 1909 hubo conferencias entre el señor de Kay y otros funcionarios de la Compañía Empacadora Nacional Mexicana con el Presidente Díaz con respecto a la compra por México de las acciones controladoras de la Compañía Empacadora Nacional Mexicana, el control llevando consigo la propiedad en efecto de más del 50% del haber total de la Compañía.

En breves palabras, los motivos que expuso el Presidente Díaz para querer efectuar la compra que se le propuso fueron: Se exportaba cada año una gran cantidad de ganado a

Estados Unidos bajo tales condiciones que los ganaderos y también el Gobierno de México abrigaban la creencia de que no se había percibido en las ventas respectivas la debida remuneración, perjudicándose así tanto aquellos como este. Para vencer esta situación hubiera sido menester anticipar fondos a los ganaderos para facilitarles el medio de transportar el ganado de unos apacentaderos a otros lejanos hasta estar en condiciones de presentarse en los mataderos de la Compañía Empacadora Nacional Mexicana. Era esta una empresa de tal magnitud que hubiera exigido mayor capital que el que hubiera podido proporcionarse por cualquiera negociación empacadora en México, tanto así que hubiera necesitado el apoyo del mismo Gobierno. Este hecho es importante, puesto que fué una de las consideraciones principales entre las que impulsaron a México a que comprara, más tarde, el control de la Compañía Empacadora Nacional Mexicana, Limitada.

Otro motivo fué que siendo la industria carnicera de propiedad particular, no era posible evitarse la matanza clandestina de animales fuera de la Ciudad de México y la subsecuente introducción en la capital de carnes no inspeccionadas. Puesto que miles de animales se sacrificaban así, vendiéndose el producto en la ciudad de México, había aumento de la tuberculosis y otras enfermedades que brotaban del consumo de carnes malsanas que se vendían al público por un gran número de carnicerías de propiedad particular. Teniendo el Gobierno la propiedad, el control y el manejo del ramo, hubiera sido también posible eliminar los introductores de ganado, las explotaciones de los cuales perjudicaban tanto a los ganaderos como a los consumidores de la carne. Otra importante consideración que influía en el ánimo del Presidente Díaz para que tratara el asunto fué que hubiera facilitado al Gobierno ramificar por toda la República la venta de carnes sanas y oficialmente inspec-

cionadas, puesto que hubiera sido necesario ejercer la influencia del Gobierno para vencer la oposición local que existía en las poblaciones de México porque los funcionarios locales estaban interesados por tener ingerencia o en los rastros o en las carnicerías de sus respectivas localidades. (Anexo 3, parrafos 18–23–26–28; pag. 277–279–281–2.)

Desde el primer día de sus operaciones, cada animal que sacrificó la Compañía Empacadora Nacional Mexicana se sujetó a una inspección rigorosa por inspectores de carnes empleados por el Gobierno y subsecuente a la matanza las carnes se sujetaban invariablemente a una inspección oficial semejante. Esta inspección y la refrigeración y manejo de las carnes por la Compañía reducían al mínimo absoluto el peligro que resulta de las carnes mal sanas. Las negociaciones con el Presidente Díaz no se llevaron al término debido a las exigencias de intermediarios poderosos quienes ejercían una influencia predominante sobre el Gobierno mexicano y sin el apoyo de los cuales ninguna medida importante, por benéfica que fuera para el público, podía prosperar. Para señalar los peligros a la salud pública que brotaban de estos abusos y la acreditación e importancia de los negocios de la Compañía Empacadora Nacional Mexicana, se reproducen algunos de los muchos anuncios caracterizados de la Compañía Empacadora Nacional Mexicana, los cuales se publicaban en todos los principales periódicos de la Ciudad de México, dichas reproducciones mostrando la forma y la redacción que tenían al publicarse en los periódicos mexicanos, pero la mayoría de ellos reducidas a un tamaño menor que los correspondientes originales. (Anexo 2, párrafos 39–43, pág. 238; Anexo 3, párrafo 30, pág. 282; Anexo 11, pág. 310.)

Traspaso del Negocio a la Compañía Empacadora Nacional, Limitada

42. La Compañía Empacadora Nacional Mexicana, Limitada, fué incorporada bajo las leyes del Estado de Maine, EE. UU. de A., en 1911, la cual adquirió los negocios, las

concesiones y todas las demás propiedades de la Compañía Empacadora Nacional Mexicana, incorporada bajo las leyes de New Jersey. La Compañía incorporada en Maine expidió las siguientes acciones y bonos:

Capital Social:

Acciones de Votación del 6% Preferentes	$9, 000, 000
Acciones Ordinarias	3, 750, 000
Bonos:	
Bonos a base de oro del 6% sobre Primera Hipoteca Especial	5, 000, 000
Bonos del 6% Sobre Segunda Hipoteca	1, 500, 000

(Anexo 12, pág. 350.)

43. La propiedad de la Compañía Empacadora Nacional Mexicana se traspasó, con el consentimiento del Presidente y del Gobierno de México (dado y otorgado por decretos expedidos por el Presidente y por el Gobierno de México el 25 de octubre de 1912, el 29 de octubre de 1912, y el 11 de noviembre de 1912) y con el consentimiento del Gobierno de Michoacán, a la Compañía Empacadora Nacional Mexicana, Limitada, de Maine. (Anexo 12, pág. 350.) El prospecto que se publicó relativo a la venta de los bonos emitidos por la Compañía Empacadora Nacional Mexicana, Limitada, hizo la siguiente enumeración de la propiedad de la Compañía:

44. "La Compañía ha adquirido el haber, las concesiones, y los negocios de la Compañía Empacadora Nacional Mexicana. Sus bienes abarcan:

"(A) El Rastro o sea la casa empacadora, de la Ciudad de México, con más de 25 acres de terreno, propiedad suya.

"(B) Propiedad absoluta de unos ocho acres de terreno ubicado en la Ciudad de México, en el cual existe un almacén refrigerador con capacidad de mil reses.

"(C) Propiedad absoluta y casa empacadora moderna en Uruapan, Michoacán, México.

"(D) Propiedad absoluta y almacén refrigerador moderno en la Ciudad de San Luís Potosí.

"Fueron estas propiedades avaluadas por el señor Luís Perezcano, hijo, tasador licenciado de México, en £711,000.

"El haber de la Compañía incluye automóviles repartidores, carros de mulas, útiles, muebles, talleres para reparaciones, etc., avaluados por el señor Perezcano en £32,000.

"100 carros refrigeradóres ferrocarrileros y ciertas inversiones, avaluados por el Señor Perezcano en £24,000.

"En las avaluaciones que anteceden no se asignó valor ninguno por las concesiones que dío a la Compañía derechos preferenciales de gran valor.

"Los negocios de la Compañía se han creado bajo concesiones otorgadas por el Gobierno de México, por las cuales la Compañía adquiere, *entre alia*, hasta el 31 de diciembre de 1926, los siguientes derechos exclusivos:

"(1) Que todo el ganado vacuno, porcino, ovino y cabrío sacrificados en la Ciudad de México tienen que matarse en el Rastro o Casa Empacadora perteneciente a esta Compañía y que no puede establecerse operarse otro rastro o casa empacadora en la Ciudad de México.

"(2) Que todo el terreno, todas las plantas y otras propiedades de la Compañía serán exentos a todo impuesto federal, exceptuando el impuesto del timbre.

"(3) Exención de derechos de importación causados por todo el material que se requiera para la fabricación de latas y envases de empaque empleados por la Compañía.

"(4) Que el Gòbierno no impondrá una contribución por los animales sacrificados por la Compañía que exceda 1¼ centavos por kilogramo de carne de res preparada, 2 centavos por kilogramo de carne preparada de ganado ovino y cabrío, y 1¼ centavos por kilo por ganado porcino, pesado vivo. Respecto a todos tales productos vendidos

fuera de un radio de 50 kilometros de la Ciudad de México, o exportados de México, no se exige el pago de contribuciones por esta Compañía.

"Mediante un arreglo llevado a cabo con el Gobierno Mexicano, la Compañía ha pagado, sin embargo, al tiempo de sacrificarlos, contribuciones por todos los animales, y las cantidades pagadas por concepto de los productos vendidos fuera de un radio de 50 kilómetros de la Ciudad de México, o que hayan sido exportados de México, han sido pagados regularmente por el Gobierno Mexicano a la Compañía, ascendiendo aproximadamente a 7/– por cada cabeza de ganado vacuno, 8/– por cada cerdo, y 7d. por cada cabeza de ganado ovino. Estos nuevos pagos no se hacen ni pueden hacérse hasta después del año 1926 a ninguna otra persona." (Anexo 12, página 350.)

45. El Sr. Perezcano a quien se ha hecho referencia anteriormente fué escogido por un grupo de interesados financieros de Londres para que hiciera un cálculo, no de toda la empresa, sino del terreno, edificios, y maquinarias solamente, con el fin de habilitar a los susodichos interesados financieros a negociar la compra que se proponían hacer para una compañía inglesa. El no fué empleado por la Compañia Empacadora y su limitado cálculo, el cual se redujo solamente a una cuarta o tercera parte del justo valor de las propiedades, fué hecho en bien de los compradores en perspectiva que le habían empleado. (Anexo 2, Pár. 44, pág. 240; Anexo 3, Pár. 13, pág. 275.)

46. De los bonos autorizados de la nueva Compañía ($5,000,000.00), solamente se expedirían $3,000,000.00 a menos que se contara con el consentimiento de los tenedores de los de mayor denominación, es decir: (1) de los Bonos Oro de Primera Hipoteca Especial al 6%; (2) Bonos Oro de Segunda Hipoteca al 6%; y (3) Acciones de Votación del 6% Preferentes. (Anexo 12, Pág. 350.)

47. En el prospecto a que se ha hecho referencia y del cual se han tomado citas relativas a la emisión de estos bonos para el público—lo que se verificó en el mes de enero de 1913—se encuentra impresa la siguiente carta de E. B. Towl:

48. "Omaha, Nebraska,
"*9 de diciembre de 1912.*

"A los Directores de la
Compañía Empacadora. Nacional
Mexicana, Limitada.

"Muy señores míos: Por espacio de 25 años me he dedicado al negocio de empaque de carnes en los Estados Unidos, y durante 21 años de dicho período fui superintendente de la 'Omaha Packing Company' de Omaha, Nebraska.

"En el año 1909 fuí empleado para estudiar las condiciones que rodeaban al establecimiento y desarrollo de la industria carnicera en México y para organizar el personal de los distintos establecimientos y sucursales de Compañía Empacadora Nacional Mexicana, y empleé más de un año en este trabajo, el cual exigía que se hicieran viajes por toda la República.

"Del conocimiento que adquirí mientras estuve empleado en México, y de mi experiencia anterior, puedo manifestar lo siguiente:

"El Rastro y Casa Empacadora de la Ciudad de México, la Casa Empacadora de Uruapán, y los Almacenes de Refrigeración de la Ciudad de México y San Luis Potosí están substancialmente construídos, los dos primeros de ladrillo, piedra, accro y concreto y los dos últimos de ladrillo, y están equipados con maquinarias modernas, plantas y almacenes de refrigeración suficientes para operar con el número mínimo de animales que se menciona a continuación.

"La Compañía tiene en la Ciudad de México un establecimiento útil para la fabricación de latas y cajas de empaque que son necesarias para su negocio

local y el de exportación y tiene talleres para la reparación de todos sus equipos, excepto sus carros refrigeradores. El establecimiento de la Ciudad de México está construído en una parte de predio que tiene más de 25 acres de terrenos propios, y tiene capacidad para una matanza anual de 220,000 cabezas de ganado vacuno, 200,000 cerdos y 250,000 cabezas de ganado ovino.

"La planta de Uruapán, que también se encuentra situada en terreno propio, tiene capacidad para la matanza de 225,000 cabezas de ganado vacuno e igual número de cerdos y cabezas de ganado ovino anualmente.

"En esta casa empacadora se encuentra instalada una planta moderna para el envase de carnes en latas, completamente equipada para hacer negociaciones en una gran escala económica con los productos que no exigen inmediato comercio.

"También existe una fábrica de hielo en Uruapán, la cual puede hacer todo el hielo que es necesario para los carros refrigeradores de la Compañía y también el que se necesite en los mercados limítrofes.

"Todos los establecimientos de la Compañía están movidos por electricidad. La corriente eléctrica de Uruapán es producida por la corriente de un río en cuyas orillas está construída la casa empacadora.

"La Compañía posee también en la Ciudad de México otros ocho acres de terreno en los cuales hay una planta moderna de refrigeración dotada de maquinarias de la mejor clase y con una capacidad para almacenar 1,000 cabezas de ganado vacuno.

"La Compañía también es dueña de maquinarias refrigeradoras y equipos eléctricos suficientes para establecer otras dos sucursales de almacenes de refrigeración con la misma capacidad que la de la sucursal de San Luis Potosí, incluyendo en cada establecimiento maquinarias para la fàbrica de hielo. También es dueña de maquinarias de la misma clase

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suficientes para instalar establecimientos de refrigeración en otros quince talleres.

"La Compañía posee 100 carros refrigeradores. Estos, y la maquinaria para refrigerar destinada a los almacenes refrigeradores y los talleres son de la mejor manufacturera británica.

"No existe en México otra casa empacadora que está habilitada para refrigerar carnes para su almacenaje refrigerador y para enlatar la carne y elaborar los desechos animales. Es patente la importancia de esta circunstancia, dadas las condiciones climáticas de México.

"Con motivo del precio del ganado en México como también de la habilidad del obrero mexicano, la carne enlatada y refrigerada de la Compañía puede entregarse en Londres con más economía que la que rije en cuanto a la carne que de otros paises se envía a Londres.

"El costo de sacrificar animales y preparar las carnes del ganado vacuno, porcino y ovino en México es menos que la tercera parte del importe de tal procedimiento en las casas empacadoras más bien organizadas en los Estados Unidos.

"La demanda del mercado local de México es tal que consume toda la carne fresca que puede producirse en las plantas actualmente existentes de la Compañía, y puesto que hay más de 20,000,000 de habitantes en México, existe campo suficiente para la amplificación de las ventas de la Compañía en la República misma.

"Igualmente existe en el extrangero un mercado amplio para los otros productos de la Compañía, inclusive la carne refrigerada. Es de esperarse que este mercado se extienda aún más al inaugurarse el Canal de Panamá, para el cual las plantas de esta Compañía son las más accesibles.

"La planta de Uruapan está ubicada en el centro de la area criadera de ganado porcino de México, y en un radio de 150 millas de la planta prodúcense

como el 40 por ciento de todo el ganado que se cria en México. El ferrocarril de vía ancha, ya terminado a Uruapan, facilitará el movimiento del negocio, el cual hasta ahora ha tenido que conformarse con las desvantajas de la vía angosta.

"Después de mi salida de México, se ha aumentado la importancia de la planta de Uruapan con motivo de haber llegado la construcción del Ferrocarril Sud Pacífico a un punto de facil alcance por carretera desde Uruapan. Desarrolladas estas ventajas, se hace posible por primer vez entregar economicamente en Uruapan el ganado que se produce en la area rica e importante comprendida por los estados de Jalisco, Sinaloa y Tepic.

"El esfuerzo inicial que exige el establecimiento de una industria enteramente nueva de tanta transcendencia nacional se ha llevado ya a efecto; y el gran capital que es menester invertirse por terrenos, casas empacadoras, carros refrigeradores y equipo diverso, y para organizar e instalar la red correspondiente de abastecimiento por un pais tan extenso como es México, se ha hecho ya. Considero que se han vencido ya los problemas iniciales inseparables del desarrollo de una industria nueva de tanta magnitud.

"De los datos estadísticos, tablas numéricas, y presupuestos que preparé estando aún en México, los cuales obran todavía en mi poder, he deducido lo que estimo el resultado neto de las operaciones de la Compañía como está actualmente constituida, y soy de la opinion que, con una dirección competente y con £150,000 para proseguir los trabajos, es conservativo el siguiente cálculo de las ganancias líquidas que deben realizarse:

Primer año	£50, 000
Segundo año	125, 000
Tercer año	180, 000
Cuarto año	200, 000

"De usted atentamente,

"E. B. Towl."

(Anexo 12, pág. 350; Anexo 3, párrafo 25, pág. 280.)

49. Todas las acciones ordinarias de la Compañía, exceptuando los certificados de votación de los directores, se depositaron con un cuerpo fidei comisario, con el cual debía de permanecer hasta amortizarse los bonos emitidos. (Anexo 12, pág. 350.)

50. Los varios funcionarios, fideicomisarios, banqueros, etc., identificados con esta emisión de bonos, fueron los siguientes:

Fideicomisarios para los Bonos Hipotecarios (de Oro) de Primera Hipoteca que devengan interés de Seis por ciento Anual.

Central Trust Company of New York.

Fideicomisario para los Bonos Hipotecarios (de Oro) de Segunda Hipoteca que devengan interés de Seis por ciento Anual,

The Farmers' Loan and Trust Company, New York.

Fideicomisarios,

Sir Frank Crist, Bart., 17 Throgmorton Avenue, E. C.

Pedro Suarez, 158 Fenchurch Street, E. C.

El tercer Fideicomisario se nombrará oportunamente.

Abogados de los Fideicomisarios,

Ashurst, Morris, Crist & Co., 17 Throgmorton Avenue, London, E. C.

Directores,

Frank Morris Crist, 5 Lansdowne Road, W.

L. H. de Friese, New York and London.

John W. de Kay, 111 Broadway, New York.

Shirley H. Jenks, Cannon Street House, E. C.

Gustavo Kaiser, de la casa Suárez & Co., 158 Fenchurch Street, E. C.

Louis Souchon, Thorpe House, Bedford.

W. E. Stavert, Montreal and Mexico City.

S. Perez Triana, 45 Avenue Road, N. W.

Banqueros en Londres,

PARR'S BANK, LTD., Bartholomew Lane, London, E. C.

Banqueros en México,

BANK OF MONTREAL.

Agentes Comerciales,

CHALMERS, GUTHRIE & Co., LTD., 9 Idol Lane, London, E. C.

Abogados de la Compañía,

SLAUGHTER & MAY, 18 Austin Friars, London, E. C.

Contadores,

HASKINS & SELLS, 30 Coleman Street, London, E. C.; and 30 Broad Street, New York.

(Anexo 12, pág. 350.)

51. Los bonos hipotecarios de primera hipoteca de la Compañía se vendieron en Londres en 1913, disfrutando la Compañía de 85% de su valor a la par. Se invirtió su producto entero, menos la suma requerida para liquidar los réditos, equipo para las plantas y para el desarrollo del negocio, como muestran los libros de contabilidad de la Compañía. (Anexo 2, párrafos 46–7, pág. 240.)

52. Sebastián Camacho, Presidente del Banco Nacional de México y Presidente del Senado de la Nación, quien fué uno de los directores de la Compañía original, y, por lo tanto, individuo al tanto de todas sus operaciones y los contratiempos que desde el principio se experimentaban, se expresó en los siguientes términos relativo a la reorganización así perfeccionada, y a la disparidad con la cual tuvo la compañía que enfrentarse para efectuar su organización y establecimiento.

53. "Mexico, *mayo 18 de 1912.*

"Señor D. John W. de Kay,

Presidente de la Cía. Empacadora Nacional Mexicana,

197 Winchester House, Old Broad Street,

London, E. C.

"Muy amigo mío: Ayer cumplí con las instrucciones contenidas en el cablegrama que se sirvió dirigirme con el propósito de efectuar el acuerdo que usted iba a otorgar para la cesión del haber principal, las concesiones y las obligaciones de la antigua 'Mexpac' a la Compañía Empacadora Nacional Mexicana, Limitada.

"Pues ahora tengo el gusto de felicitarle sinceramente por el éxito que ha alcanzado después de una lucha de varios años contra nuestros rivales en la gran empresa que ha establecido usted en México, a pesar de los esfuerzo que ellos hicieron para evitar tal éxito.

"Este triunfo se debe principalmente a su talento, industria, actividad infatigable y erudición colosal con que ha dirigido la Empresa. No lo calificaré como titánico, siendo este término ya de funesto recuerdo, pues para siempre traerá a la memoría una catástrofe tremenda y horrenda sin igual en los anales del mundo; sino que lo llamaré colosal por sus detalles y sus labores admirables, dando como resultado que el nombre de usted se inmortalizará y jamás en el porvenir se desasociará de la gran Empresa que se designa "Compañía Empacadora Nacional Mexicana"; y por todo lo cual le felicito, expresando mi gusto y admiración con motivo del fruto que ha brotado de una labor verdaderamente extraordinaria. En esta labor ha tenido usted la suerte feliz de contar con la sensatez, inteligencia y la lealtad de un contingente extenso entre el pueblo americano, como también con la asuidad, providencia y conocimientos de negociantes capaces entre el gran pueblo inglés.

Ni uno ni otro de dichos pueblos se disgustará por el éxito alcanzado en el desarrollo de la gran empresa fundada y puesta en movimiento por usted venciendo dificultades enormes, labores que deben haberle elevado en la consideración y las simpatías de dos pueblos grandes, los cuales, asociados con una parte del pueblo mexicano, están al frente de la Compañía Empacadora Nacional Mexicana.

"Desgraciadamente los sucesos políticos, que durante los últimos quince meses han acontecido en nuestra República, deben haber desmoralizado en parte a muchos de nuestros colaboradores, estando yo seguro que habrá usted perseverado en la consideración de que los elementos y recursos naturales de México no pueden detenerse en su desarrollo y que saldrán avantes sobre cualesquier obstrucciones que háyanse podido presentar por la falta de sensatez que actualmente prevalece y que se vencerán por los intereses, reales y efectivos, que nos unen con el elemento culto del mundo entero, cuyo elemento ha tenido y en el momento actual tiene plena fe en el porvenir espléndido de este pais, llamado a figurarse entre las naciones civilizadas del mundo.

"Tan pronto como nuestros esfuerzos nos vuelvan al sendero normal, al cual estamos llamados a sujetarnos, vendrán los resultados seguros, la confianza, y una situación reanimadora, dando lugar a la prosperidad de la empresa que está llamada a figurarse entre las más notables de este pais.

"¡Brindis al señor John W. de Kay—brindis y palmas a los hombres de buena fe que en los Estados Unidos y en la famosa Inglaterra se han asociado para establecer una industria llamada a ocupar un lugar distinguido entre las principales que el esfuerzo humano ha cultivado!

"Nuestros amigos, el Licenciado Francisco Alfaro y su hijo notable, Don Gonzalo Alfaro—buenos y excelentes—merecen igualmente mis congratulaciones más amigables y sinceras por su insigne cooperación

en las labores que han desempeñado en México, así correspondiendo la erudición sobresaliente suyo que ha dedicado a la empresa al cual tenemos el honor de pertenecer, compartiendo con usted nuestra asiduidad y buena voluntad y cumpliendo con nuestro deber hasta donde nos permiten nuestra capacidad y nuestras facultades.

"Enviándo mis saludos más afectuosos tanto a usted como a su apreciable señora y a sus niños, quedo suyo, afectísimo amigo,

"S. Camacho."

(Anexo 13, pág. 360.)

54. El 14 de junio de 1911, expidió el Presidente Madero un decreto por el cual aprobó el traspaso de las propiedades de la Compañía Empacadora Nacional Mexicana a la Compañía Empacadora Nacional Mexicana, Limitada. El 11 de diciembre 1911, expidió otro decreto, revocando el anterior de aprobación, pero a su vez el nuevo decreto fué revocado por uno que expidió el 25 de octubre de 1912, al cual se ha hecho referencia ya. (Párrafo 43.) Respecto a este acto de parte del Presidente Madero, revocando su decreto del 14 de junio de 1911, John W. Griggs, en una época Procurador General de los Estados Unidos, expresó la siguiente opinión:

"Diciembre 12 de 1911.

"John W. de Kay, Esq.,
20 Broad Street
New York City.

"Muy Señor Mio: He leido el decreto del Presidente de la República de México fechado el 7 diciembre de 1911, implicando la revocación del decreto del Gobierno mexicano del 14 de junio de 1911, otorgando este último decreto el consentimiento expreso del Gobierno mexicano al traspaso de las concesiones concedidas anteriormente a la Compañía Empacadora Nacional Mexicana y posteriormente transferidas a la British & Mexican Trust Company, Ltd.,

y por ésta traspasadas a la Compañía Empacadora Nacional Mexicana, Limitada. El decreto del 14 de junio de 1911 fué terminante en sus términos, meramente estipulando como condición que dentro del término de dos meses se hiciera más extensa la escritura que amparaba dicho traspaso—es decir, el otorgado a la Compañía Empacadora Nacional Mexicana, Limitada—en el sentido de que ésta acepta todas las condiciones que imponen dichas concesiones a favor del Gobierno. Esta condición se cumplió expresamente dentro del término estipulado y el Gobierno mexicano no ha hecho reclamo u objeción alegando la falta de cumplimiento con este requisito ni es esta la condición a que se refiere el decreto del 7 de diciembre de 1911.

"Confiada en la validez del traspaso del 14 de junio de 1911, la Compañía Empacadora Nacional Mexicana, Limitada ha emitido sus acciones representando el capital social como también sus bonos, los cuales ha distribuido entre muchas personas, las cuales son tenedores *bona fide* de los mismos.

"En mi opinion, esta pretendida revocación del consentimiento otorgado por el decreto del 14 de junio de 1911, no es solamente una flamante violación de los derechos de la compañía y de los tenedores de sus valores, sino ante la ley y la justicia nula por completo. Se expidió el decreto de revocación sin aviso anticipado, según se me informa, a los interesados, a nadie se le oyó y aparentemente ninguna alegación se hizo, aparte del pedimiento que se presentó por un acreedor hostil de la antigua compañía, la reclamación del cual se disputa. Al otorgarse un consentimiento tal como se otorgó el consentimiento del 14 de julio de 1911, no puede revocarse, volverse a dar curso, o reconsiderarse cuando, apoyándose en el vigor de su validez han brotado, y se han investido derechos. Solo puede ponerse en vigor este decreto del 7 de diciembre de 1911 por violencia ilegal por

parte del Gobierno mexicano, ejercitada para evitar que la compañía goce de las franquicias otorgadas por estas concesiones. En cuanto a si se tomarían tales pasos enérgicos es de dudarse; pero en caso de hacerse así, daría lugar a la fundada intervención por parte de los gobiernos cuyos ciudadanos son tenedores de los valores de la Compañía Empacadora.

"Atentamente,

"John W. Griggs."

(Anexo 4, Pág. 360.)

Parte II

VENTA A MEXICO DEL CONTROL DE LA COMPAÑIA EMPACADORA NACIONAL MEXICANA, LIMITADA

(a) Negociaciones Preliminares en Londres

55. Durante los primeros meses de 1913, el reclamante, estando entonces en Londres, entabló conferencias con el Agente Financiero del Gobierno mexicano en Londres, el señor Luis L. de la Barra, con el fin de que éste informara al Gobierno mexicano la propuesta de aquel de vender a México el 51 por ciento de los certificados fideicomisarios de votación, cuyos certificados a su vez representan el 51 por ciento de las acciones ordinarias de la Compañía Empacadora Nacional Mexicana, Limitada, y dichas acciones constituían el control de la Compañía aludida y la propiedad de hecho del 51% del haber total de la Compañía. El señor de la Barra comunicó el asunto a su Gobierno por cable con el resultado de que en junio de 1913 el señor de la Barra informó al reclamante que el Gobierno mexicano había aprobado en principio la propuesta que se le había hecho e invitó al reclamante que viniera a México para conferenciar detalladamente sobre el negocio con el Gobierno mexicano. (Anexo 2, párrafos 48 y 49, pág. 240.)

CONTRATO DE EMPRÉSTITO CON EL INTERNATIONAL BANKING GROUP

56. Al estar tratándose esta negociación entre el Gobierno mexicano y el reclamante por intermediación del señor de la Barra referente a la compra por el susodicho Gobierno del control de la Compañía Empacadora Nacional Mexicana, Limitada, simultaneamente el señor de la Barra en su capacidad de Agente Financiero del Gobierno de México en Londres conducía negociaciones con ciertos banqueros (casas que más adelante se designan por nombre en el presente) conducente a la celebración de un empréstito a México. (Anexo 2, párrafo 50, pág. 241.)

57. En mayo 30 de 1913, un decreto del Presidente Huerta promulgó una ley otorgada por el Congreso mexicano, facultando al Ejecutivo que contratara un empréstito, para el Gobierno mexicano, de 20,000,000 libras esterlinas. (Diario Oficial, Tomo 126, de mayo 30 de 1913, pág. 362.)

De acuerdo con esta ley se efectuó un empréstito con fecha de 8 de junio de 1913, celebrando el contrato relativo entre el Gobierno de México por intermediación del referido Luís L. de la Barra y los siguientes banqueros:

58. El Banco Nacional de México.
Banque de Paris et des Pays-Bas, París.
Societe Generale pour favoriser le developpement de Commerce el L'Industrie en France, París.
Comptoir National de 'Escompte de París.
Banque de l'Union Parisienne, Paris.
Morgan, Harjes & Co., París.
A. Spitzer & Cie., París.
S. Bleichroder, Berlín.
Deutsche Bank, Berlín.
Dresdner Bank, Berlín.
J. P. Morgan & Co., New York.
Kuhn, Loeb & Co., New York.
Morgan, Grenfell & Co., London.

El impréstito se designó con el nombre de "Bonos Tesoro del Gobierno Federal Mexicano, del 6%, de 10 años, 1913." (Anexo 15, pág. 360.)

59. El contrato de referencia, en su primer artículo, designó la emisión de £16,000,000 de los £20,000,000 que la ley autorizó. (Anexo 15, pág. 360.)

60. De la citada cantidad de £16,000,000, se tomaron en firme £6,000,000 a 90 sobre la par. (Artículo Séptimo.) En cuanto a la diferencia entre esta cantidad y aquella, es decir, £10,000,000, tuvieron los bancos la opción de tomar £5,000,000 a los seis meses contando desde la fecha que fijaron los bancos para la subscripción pública, cuya fecha, según el Prospecto que publicaron Morgan, Grenfell & Co. de Londres era el 1° de julio de 1913. (Anexo 16, pág. 377.) Podían los bancos tomar las £5,000,000 restantes en cualquier fecha durante el término de un año contando desde la misma fecha. (Artículo Décimo Segundo.) Bajo estas operaciones tendrían los bonos que tomarse a 90 sobre la par. (Anexo 15, pág. 360.)

61. Igualmente estipuló el contrato a que se refiere (Artículo Décimo Tercero) que durante el término de dos años desde la fecha fijada para la subscripción pública de la primera emisión (es decir, dos años desde el 1° de julio de 1913) no concluyera el Gobierno Mexicano empréstito ninguno ni emitiera bonos correspondientes a obligaciones exteriores de la deuda pública, ni que vendiera bonos de la tesorería u otros pagaderos en oro, incluyendo los del presente empréstito no cubiertos aún por opciones, sin previo convenio con el Banque de Paris et des Pays Bas, este en representación suya y la del grupo contratista. El término de dos años fenecería el 1° de julio de 1915. (Anexos 15, pág. 360 y 16, pág. 377.)

Como se ha expuesto ya, las 6,000,000 libras esterlinas que los banqueros tomaron en firme de acuerdo con el contrato

fechado el 8 de junio de 1913 se ofrecieron al publico el 1° de julio de 1913 (Anexo 16, pág. 377), y se efectuaron los repartimientos a los subscriptores en 3 de julio de 1913, aproximadamente. (Anexo 2, párrafo 52, pág. 241.)

62. Subsecuentemente a esta fecha, en septiembre 30 de 1913 se celebró un convenio entre el Gobierno mexicano por una parte y el Banco Nacional de México (Componente del ya aludido "International Group" que tomó los primeros bonos importando £6,000,000), el Banco de Londres y México y el Banco Mexicano de Comercio e Industria "a nombre suyo y en representación de otros bancos, casas bancarias, firmas y compañías que puedan participar," por medio del cual los Bancos adelantaron al Gobierno la suma de $10,000,000, la cual podría aumentarse en casos de contingencias, con $8,000,000 adicionales, asegurados por los "Bonos del Gobierno Federal Mexicano del 6%, de 10 Años, de 1913," cuyos bonos podrían aceptarse, bajo ciertas contingencias estipuladas, como pago por dichos adelantos, al precio de 85. (Anexo 17, pág. 381.)

(b) Negociaciones en la Ciudad de México, 1913–1914

63. Aceptando la invitación que le hizo al reclamante el Gobierno Mexicano como resultado de los pasos preliminares tomados por él con el Agente Financiero del Gobierno Mexicano en Londres, el señor Luís L. de la Barra (el caballero quien celebró con los Banqueros Internacionales el convenio relativo a la emisión de bonos, los cuales jamás se han repudiado) conducentes a la venta a México del control de la Compañía Empacadora Nacional Mexicana, Limitada, procedió el reclamante a México en donde llegó en septiembre de 1913. Hasta su llegada a México, el reclamante no había conocido al Presidente Huerta ni a ningún miembro de su ministerio. (Anexo 2, párrafos 53 y 54, pág. 241.)

64. Las conferencias relativas a la venta a que se viene refiriendo comenzaron en octubre de 1913 entre el Presidente y el reclamante. Abarcaron las mismas bases que las conferencias que hubo entre el reclamante y el President Díaz en 1909, continuando así por el estilo que manifiesta el reclamante en su *affidavit*, siendo uno de los puntos sobresalientes de estas negociaciones el hecho de haber el Presidente y sus ministros consultado a los principales ganaderos de México. (Anexo 3, párrafos 31 y 33, pág. 283.)

65. Puesto que las negociaciones parecían adelantarse con lentitud, el 31 de octubre el reclamante suplicó al Presidente Huerta se dignara insinuarle, hasta donde era procedente, cual sería, el fallo probable del Gobierno relativo a este negocio. (Anexo 2, párrafo 59, pág. 243.) A esta carta de indagación el Presidente Huerta contestó con fecha 3 de noviembre de 1913 como sigue:

"Correspondencia Particular del Presidente de los Estados Unidos Mexicanos

"México, *noviembre 3 de 1913.*

"Sr. John W. de Kay,

Presente.

"Muy señor mio: Recibí ayer la atenta carta de Ud. fecha 31 de Octubre último, y con relación a ella manifiesto a Ud. que el asunto de que trata ha sido sometido al estudio del señor Ministro de Hacienda, y que solo después de que ese estudio quede hecho podrá tomarse alguna resolución definitiva sobre el particular. Así lo comunico a Ud. para que pueda normar sus negociaciones, evitando toda mala inteligencia que pudiera hacer creer [a]Ud. que ese negocio está ya resuelto favorablemente en el sentido de su proposición.

"Puede Ud. confiar en que se dedicará toda atención a ese asunto, y que será resuelto con toda equidad, mirando solo por el interés público.

"Oportunamente tendrá Ud. conocimiento del resultado del estudio hecho por el Sr. Ministro de Hacienda y podrá Ud. tratar con él sobre el particular.

"Doy a Ud. las gracias por los buenos deseos que en favor del pais manifiesta en la misma carta quedo su afmo. Att, y S. S.

"V. HUERTA."

(Anexo 18, Pág. 388.)

NOMBRAMIENTO DE COMISIONES ESPECIALES POR EL GOBIERNO PARA ESTUDIAR LA CUESTIÓN

66. Posteriormente (en enero de 1914) el reclamante fué informado por el Presidente Huerta que se habían nombrado dos comisiones para investigar el asunto, una Comisión Técnica-Financiera y una Comisión de Peritos Legales y que ambas habían rendido informes favorables al proyecto. También supo el reclamante que los ganaderos a quienes se había llamado para conferenciar con ellos, favorecían unanimamente la compra por México del control de esta Compañía. (Anexo 2, párrafos 68–88, pág. 246; Anexo 3, párrafos 16, 33 y 34, págs. 276, 283).

67. Antes de que se disolviera la sesión del Congreso de México en 1913, se otorgó una ley que fué promulgada el 17 de diciembre de 1913 y decía que "se faculta al Ejecutivo de la Unión para que, en el tiempo que dure el próximo receso del Congreso, dicte, en los ramos de Gobernación, Hacienda y Guerra, todas las providencias que juzgue necesarias para llevar a término la completa pacificación del país" con la previsión de que "el Ejecutivo dará cuenta al Congreso del uso que hiciere de esta facultad, en el próximo período de sesiones." (Diario Oficial, Tomo 129, pág. 433, Dic. 17 de 1913.)

68. En virtud de las facultades investidas por el Congreso en el Presidente Huerta por esta ley, la cual fué promulgada el 17 de diciembre de 1913, el mismo Presidente con fecha 8 de enero de 1914 (Diario Oficial, Enero 9 de 1914, Tomos

130 y 131, pág. 91) expidió un decreto que autorizó la emisión de bonos de la deuda interior de 6 por ciento, importando 25,000,000 de pesos, cuya suma se destinaba a la compra del 51 por ciento de los Certificados Fideicomisarios de Votación (Voting Trust Certificates) de la Compañía Empacadora Nacional Mexicana, Limitada (cuyos certificado llevaban consigo la propiedad de hecho del 51% del haber total de la Compañía), al pago de armas y municiones ya pedidas, y al uso general por el Gobierno de la suma restante, al cumplirse los dos objetos primeramente descritos. Relacionado con lo que se acaba de aseverar, se notará que la ley otorgada por el Congreso de Madero y promulgada el 30 de mayo de 1913, autorizó la emisión de bonos importando 30,000,000 de pesos para liquidar los sueldos de personal y el valor de equipo para el ejército. (Diario Oficial, Tomo 126, pág. 362, mayo 30 de 1913.)

69. En vista de todo lo cual, en enero 8 de 1914 el Presidente Huerta y su cuerpo de ministros acordaron,—fundándose en los informes de las dos Comisiones ya citadas y en el fallo del Ministro de Hacienda,—celebrar, y celebraron, un contrato con el presente reclamante para la compra del control de la Compañía Empacadora Nacional Mexicana, Limitada (cuya compra abarcó la propiedad de hecho del 51% del haber total de la Compañía) y para la compra de armas y municiones. (Anexo 19, pág. 388.) Existía también otro contrato (de enero 10 de 1914) que hacía providencias para la liquidación de sumas que ya se debían con motivo de la compra de armas y municiones por los Presidentes Díaz y Madero durante sus respectivos gobiernos, como también para efectuar la compra de más armas para el uso del Gobierno mexicano. (Anexo 20, pág. 412.)

70. Es oportuno decir aquí, como se ve patentemente al revisar el contrato correspondiente (Anexo 19, p. 388), que no hay relacion legal ni se dependen entre sí esas provisiones del

contrato que se refieren a la compra del 51 por ciento de los Voting Trust Certificates (Certificados Fideicomisarios de Votación) de la Compañía Empacadora Nacional Mexicana, Limitada, y las provisiones que se relacionan con la compra de armas y municiones. Este punto se aclara al fijarse en los hechos de que (1) se celebró un contrato por separado para la compra de armas y municiones (Anexo 20, pág. 412) dos días después de celebrarse el contrato para comprar los Certificados Fideicomisarios de Votación; y (2) que en el contrato subsecuente de marzo 2 de 1914 (Anexo 21, pág. 424) las dos transacciones se hicieron enteramente separadas y distintas, y las obligaciones del señor de Kay tocantes a la parte del contrato de enero 8 de 1914 que se refería a las armas, se declaron plenamente consumadas al firmarse los convenios mencionados en este contrato, cuyos convenios se firmaron en marzo 6 de 1914 (Anexos 22, pág. 430 y 23, pág. 437). Se hace esta observación para que no se pierda de vista la independencia de las dos partes del contrato de enero 8 de 1914, como también para hacer patente que la presente reclamación no se relaciona de manera alguna con contratos de armas o municiones ni con negocios que dichos contratos originan.

(c) Contrato del 8 de Enero de 1914 para Comprar los Certificados Fideicomisarios de Votacion de la Compañía Empacadora Nacional Mexicana, Limitada

(Anexo 19, pág 388.)

71. En la primera cláusula del contrato, existe una exposición en cuanto a las concesiones de las cuales es dueña la Compañía Empacadora Nacional Mexicana, Limitada, los detalles y las fechas relativas habiéndose proporcionado por el Ministerio de Hacienda del Gobierno mexicano al celebrarse el contrato. La mísma cláusula designó y especificó varias de las propiedades "físicas" (raices, equipo) de la

Compañía Empacadora Nacional Mexicana, Limitada, en la forma siguiente:

(A) Rastro de la Ciudad de México.

(B) Casa Empacadora en Uruapan.

(C) Almacén Refrigerador en el Rancho del Chopo en la Ciudad de México.

(D) Almacén Refrigerador en San Luís Potosí.

(E) Noventa y cinco carros refrigeradores, carros repartidores y otra maquinaria y equipo.

La lista anterior de propiedades fué proporcionada al Ministerio de Hacienda por el presente reclamante.

72. Parece, por lo tanto, que el Gobierno mexicano fué ampliamente informado en cuanto a la propiedad física poseida por la Compañía Empacadora Nacional Mexicana, Limitada, y obviamente debe haber tenido conocimiento de las concesiones otorgadas a favor de la Compañía por el Gobierno de México.

73. La Cláusula Segunda del contrato a que se hace referencia expresó en detalle el capital y las obligaciones de la Compañía Empacadora Nacional Mexicana, Limitada, los cuales fueron los siguientes:

74. "Segunda. El Capital de la Compañía Empacadora Nacional Mexicana, Limitada, y los bonos que se han emitido son los siguientes:

"(a) 3,750,000 dólares de acciones ordinarias totalmente emitidas y pagadas.

"(b) 9,000,000 dólares de acciones preferentes con derecho a percibir el 6% de utilidad; pero sin disfrutar la garantía de haber tales utilidades. Estas acciones están totalmente emitidas.

"(c) Bonos hipotecarios de primera hipoteca por valor de 3,000,000 dólares que devengan interés de 6% anual, emitidos según contratos celebrados entre la Compañía

Empacadora Nacional Mexicana y el Central Trust Company de Nueva York con fechas 27 de enero de 1911 y 29 de noviembre de 1911, en el concepto de que dichos bonos son pagaderos el 27 de enero de 1931.

"(d) Bonos hipotecarios de segunda hipoteca por valor de 1,500,000 que devengan interés de 6% anual, emitidos según contrato celebrado entre la Compañía Empacadora Nacional Mexicana Limitada y The Farmers Loan & Trust Company de Nueva York con fecha 1° de julio de 1911 en el concepto de que dichos bonos son pagaderos el 1° de julio de 1931.

"El control de la Compañía Empacadora Nacional Mexicana Limitada corresponde a tres fideicomisarios (Voting Trustees) nombrados por los tenedores del cincuenta y uno por ciento de los certificados de votación (Voting Trust Certificates). Estos certificados representan la propiedad de una cantidad exactamente igual a su valor en acciones ordinarias de la Compañía Empacadora Nacional Mexicana Limitada. Se agrega a este contrato, marcado con el número 1, una copia del convenio de votación (Voting Trust Agreement) celebrado el 4 de noviembre de 1911."

75. Así el Gobierno mexicano fué ampliamente informado en cuanto al haber, la capitalización y la situación en general de la Compañía Empacadora Nacional Mexicana, Limitada, al comprar dicho Gobierno el control y hacerse dueño de la mayoría de la propiedad legalmente poseida por la Compañía.

76. En la Cláusula Tercera del contrato, el reclamante estipuló que era él dueño del 51% de los Certificados Fidei comisarios de Votación (Voting Trust Certificates) de la Compañía Empacadora Nacional Mexicana, Limitada, y que

los mismos Certificados constituían el control de la susodicha Compañía como reza el Convenio de Votación (Voting Trust Agreement) que se agregó al contrato.

(Como se ha expresado anteriormente, el párrafo que precede a la Tercera Cláusula del contrato declara que que los citados Certificados Fideicomisarios de Votación representaban una cantidad igual de acciones ordinarias de la Compañía Empacadora Nacional Mexicana, Limitada, y que se agregaba una copia del Convenio de Votación al contrato.)

77. La Cláusula Cuarta estipuló que compraba el Gobierno mexicano al señor John W. de Kay, el presente reclamante, en consideración de la suma de 10,000,000 pesos, el 51% de los Certificados Fideicomisarios de Votación, de los cuales era él el dueño.

El contrato especificó el tipo de cambio que tendría que emplearse al convertir el peso y, de acuerdo con dicho tipo, el precio que se convino pagaría México al presente reclamante por los Certificados Fideicomisarios de Votación fué de 4,971,250 dólares oro de los Estados Unidos, que es la cantidad que el reclamante por el presente reclama, más interés desde el 1° de julio de 1914.

Más, este contrato estipuló que el Gobierno mexicano crearía una emisión de bonos de la Deuda Pública Interior de 25,000,000 de pesos y que el pago del interés y el principal de dicha deuda se garantizaría "con el producto de las contribuciones cobradas en el Rastro de la Ciudad de México" (que fué la designación de la casa empacadora poseida por la Compañía Empacadora Nacional Mexicana, Limitada en la Ciudad de México). Dichos bonos debían de crearse de acuerdo con un decreto que se expidió el 18 de enero de 1914 (Diario Oficial, Tomos 130–131, pág. 91, enero 9 de 1914), cuyo decreto se otorgó en virtud del Acto del Con-

greso de México el 17 de diciembre de 1913 (Diario Oficial, Tomo 129, pág. 433, Dic. 17 de 1913).

La referida cláusula también estipuló que de los 25,000,000 de pesos de bonos que se emitirían en virtud del decreto del 8 de enero de 1914, se aplicarían 10,000,000 pesos como pago al reclamante por el 51% de los Certificados Fideicomisarios de Votación de la Compañía Empacadora Nacional Mexicana, Limitada, vendidos por el reclamante a México y que los 15,000,000 pesos restantes del empréstito de referencia se tomarían en firme por el presente reclamante al 85 por ciento de su valor a la par, por los cuales él tenía que poner a la disposición del Gobierno mexicano el equivalente del valor de dichos bonos en moneda esterlina, de cuya suma dispondría el Gobierno mexicano de acuerdo con los términos del contrato. Esta cláusula fué enmendada por el contrato del 2 de marzo de 1914, al cual más adelante se hace referencia en el presente. (Anexo 21, primera A.)

78. Por la Cláusula Quinta del contrato el Gobierno mexicano garantizó sin restricción alguna el pago vencido de los intereses y el principal de las dos series de bonos emitidos por la Compañía Empacadora Nacional Mexicana, Limitada, especificados en superiors Cláusula Segunda del contrato, y citados ya en el presente, importando $4,500,000, moneda americana de oro.

79. La Cláusula Sexta del contrato proveyó el pago de intereses y del principal de los bonos creados de acuerdo con el decreto de enero 8 de 1914 (dichos intereses y principal siendo pagables del producto de las contribuciones causadas en el Rastro; Cláusula Cuarta, a). Se suprimió esta Cláusula Sexta al expedirse el contrato de marzo 2 de 1914, que en el presente se cita más adelante. (Anexo 21, Primera, B.) La supresión de dicha cláusula permitió a México que cobrara y conservara para otros propósitos las sumas considerables que diariamente se pagaban como contribución cor-

respondiente al sacrificio de animales en la planta de la Compañía Empacadora en la capital. (Anexo 21, Primera, B y D.)

80. La Cláusula Septima proveyó la entrega al reclamante de los certificados provisionales y de los bonos definitivos, representando el valor de 10,000,000 pesos los cuales tenían que pagársele por el 51% de los certificados Fidecomisarios de Votación de la Compañía Empacadora Nacional Mexicana, Limitada. Esta cláusula se enmendó por contrato de marzo 2 de 1914. (Anexo 21, Primera, C.)

81. La Cláusula Octava del contrato especificó el tipo de cambio que existiría entre los pesos mexicanos y la moneda inglesa.

82. La Cláusula Novena del contrato designó que se dedicaran los impuestos causados en el Rastro de la Ciudad de México a los pagos de las obligaciones emanadas de los Bonos de la Deuda Pública Interior creados por el decreto de enero 8 de 1914, y proveyó la manera de liquidar dichos pagos. La Cláusula de referencia fué sobreseida por el contrato del 2 de marzo de 1914, el cual concedió al Gobierno mexicano el derecho de "disponer libremente" de los impuestos recaudados en el Rastro en la Ciudad de México. (Anexo 21, Primera, D.)

83. La Cláusula Décima del contrato, la cual proveyó que los Bonos de la Deuda Interior estarían exentos de toda contribución, y la Cláusula Undécima que proveyó la manera de distribuir el producto de los referidos Bonos, se suprimieron, ambas, por el contrato de marzo 2 de 1914. (Anexo 21, primera, E.)

84. Los primeros tres párrafos de la Cláusula Duodécima estipularon la forma en la cual tendría el producto de los 15,000,000 pesos de Bonos de la Deuda Pública Interior que suministrarse a la disposición de México. Los referidos párrafos se suprimieron por el contrato de marzo 2 de 1914. (Anexo 21, Primera, F.)

Los dos párrafos finales de la Cláusula Duodécima se refieren al nombramiento por el Gobierno mexicano de tres fideicomisarios de la Compañía Empacadora Nacional Mexicana, Limitada, teniendo el nombramiento que efectuarse simultaneamente con la entrega por el reclamante del 51% de los certificados de votación de dicha Compañía; e igualmente se refieren a la designación y el nombramiento por los mismos fideicomisarios de la junta directiva de la Compañía Empacadora Nacional Mexicana, Limitada. Se conservaron los párrafos, a que se viene haciendo referencia, en el contrato del 2 de marzo de 1914. (Anexo 21, Primera, F.)

85. La Cláusula Décima Tercera del contrato se relacionó con el pago de las deudas existentes de la Compañía Empacadora Nacional Mexicana, Limitada, por el reclamante, exceptuando las obligaciones representadas por las acciones y los bonos de la Compañía emitidos y no pagados como están enumerados en la Cláusula Segunda del contrato.

86. La Cláusula Décima Cuarta del contrato estipuló que, al entregarse al Gobierno Mexicano el 51% de los Certificados Fideicomisarios de Votación de la Compañía Empacadora Nacional Mexicana, Limitada, por el reclamante, los tenedores de los Bonos Hipotecarios de Primera y Segunda Hipoteca de la Compañía Empacadora Nacional Mexicana, Limitada, tendrían el derecho de presentar dichos bonos al Agente Financiero de México en Londres para que en los valores de referencia se reconociera por endoso la obligación que tiene el Gobierno mexicano de garantizar los intereses y el principal de dichos bonos (como se estipula en la Cláusula Quinta del contrato) y el Gobierno mexicano se obligó a expedir las instrucciones correspondientes a su Agente Financiero en Londres para efectuar así el endoso en dichos bonos.

87. La Cláusula Décima Quinta del contrato se relacionaba con la posibilidad de proporcionar al Gobierno Mexi-

cano armas y municiones en exceso de las que iban a comprarse con el producto de los Bonos por 15,000,000 pesos de la Deuda Interior; y si el presente reclamante deseaba suministrar armamento adicional, se le iba a remunerar con los Bonos del seis por ciento, pagables en oro, del empréstito exterior de 1913 al 90 por ciento de su valor a la par e idénticos en todo a los emitidos por el Grupo Bancario Internacional en 1913.

88. La Cláusula Décima Sexta del contrato absolvió al reclamante de la responsabilidad por las demoras que pudieran haber lugar por parte del Gobierno en la inspección y despacho de las armas y municiones que el susodicho Gobierno convino comprar.

89. La Cláusula Décima Séptima del contrato se relacionó con la venta de los bonos de la Deuda Pública Interior creada por el decreto de enero 8 de 1914. Se sobreseyó esta cláusula con motivo del contrato nuevo de marzo 2 de 1913. (Anexo 21, pág. 424.)

90. La Cláusula Décima Octava del contrato se relacionó con la notificación o aviso que debía de hacerse al Gobierno mexicano.

91. La Cláusula Décima Novena del contrato se relacionó con los gastos erogados por la legalización del contrato y por la satisfacción de los impuestos que pudieran causar en el extrangero los bonos de la Deuda Interior.

92. Fué firmado el contrato por el señor John W. de Kay, el presente reclamante, y por el señor Pascual Luna y Parra, Subsecretario de Hacienda y Crédito Público en representación del Ejecutivo Federal.

93. La firma del señor Pascual Luna y Parra fué certificada por el Subsecretario de Relaciones Exteriores, llevando la certificación respectiva la firma del señor G. Fernández MacGregor, Oficial Mayor de la Secretaría, cuya firma fué atestiguada por el Ministro Británico, por el Cónsul General

de los Estados Unidos y por los cónsules del Japón, de España, Francia, Bélgica, Alemania e Italia, en México. (Anexo 19, pág. 388.)

(d) Contrato Independiente del 10 de Enero de 1914, Relativo a la Compra de Armas (Anexo 20, pág. 412)

94. El 10 de enero de 1914 se celebró un contrato entre el Ministro de Guerra y Marina, el General de División, Aurelio Blanquet, y el señor de Kay, de acuerdo con los términos del cual México convino comprar al señor de Kay, siempre que éste optara vender, armamento importando una suma mayor de $17,300,000 oro americano. (Anexo 20, Cláusula I, pág. 412.)

95. Como se ha dicho ya en el párrafo 70, no hubo relación ninguna entre la venta del control de la Compañía Empacadora Nacional Mexicana, Limitada, al Gobierno Mexicano y la compra de armamento y municiones para el Gobierno Mexicano. Uno y otro negocio eran por completo independientes entre sí y el derecho del señor de Kay de proporcionar el armamento no era, de manera alguna, una obligación de llevarse a cabo. La única obligación que tomó el señor de Kay aparte de la venta del 51% de los Certificados de Votación de la Compañía Empacadora Nacional Mexicana, Limitada, a México y de la entrega de dichos Certificados al Gobierno Mexicano, fué el compromiso de tomar en firme 15,000,000 pesos de los Bonos de la Deuda Pública Interior de México, poniendo el producto resultante a la disposición de México, para que este pais lo empleara a criterio suyo, reservando el señor de Kay para sí solamente el derecho de aplicar el producto que resultara de los Bonos que tomó él en firme para pagar el importe del armamento si asi encontrara conveniente. (Anexo 19, Cláusulas, Cuarta b (B); Undécima, B, y las siguientes: la Décima Quinta y la Décima Sexta.)

Cuando abandonó el Gobierno Mexicano el propósito de crear la Deuda Pública Interior de 25,000,000 pesos, para tener a su disposición las sumas crecidas que diariamente recaudaba procedente del sacrificio de animales en la planta de la Compañía Empacadora en la Ciudad de México, una parte de las cuales, con la ayuda y cooperación del señor de Kay hubiera podido aplicarse al servicio de los bonos y al pago por las armas ya contratadas, el resultado indefectible y automático fué el término de la obligación que tenía el señor de Kay de tomar los bonos de la Deuda Pública Interior, y al terminarse esa obligación se anularon, como es obvio, todas las demás estipulaciones relacionadas con la compra de armas con los bonos de referencia o con el producto de los mismos.

Los contratos a que se referirán más adelante (Anexos 20, pág. 412, y 21, pág. 424) por sí hacen patente que el negocio completo convenido entre el reclamante, el señor de Kay, y el Gobierno Mexicano era que debía México de comprar y el señor de Kay de vender el 51% de los Certificados Fideicomisarios de Votación de la Compañía Empacadora Nacional Mexicana, Limitada; y todo lo que se hizo en cuanto al armamento fué arreglar que el señor de Kay dispusiera de los Bonos de 1913 del Gobierno Mexicano del Empréstito Exterior para pagar las deudas creadas por los gobiernos de los Presidentes Díaz, Madero y Huerta y para efectuar entregas subsecuentes de armamento a México de acuerdo con las contingencias especificadas (Anexo 20, Cláusulas I y II; Anexo 21, Cláusula Primera, C). Fueron independientes entre sí uno y otro negocio; y la importante suma que abarcó el contrato de enero 10 de 1914—$20,500,000 oro americano—(Anexo 21 Cláusulas I y II) representaba armamento que pudiera el señor de Kay vender a México, si deseara hacerlo, pero sin que existiera obligación por parte de él que lo hiciera.

Sin embargo, como el primer contrato de enero 8 de 1914 contenía estipulaciones relativas a armamento, se cree que la H. Comisión podrá ver con más claridad la independencia completa entre sí de las dos transacciones si en el presente memorial se señala la base del convenio que se refiere al derecho del señor de Kay de proporcionar armas.

96. Las estipulaciones del contrato de 10 de enero de 1914 son en resumen las siguientes (Anexo 20, pág. 412):

97. Por la Cláusula I el Gobierno mexicano convino comprar al señor de Kay determinadas armas y municiones, importando más de 17,300,000 dólares en moneda de los Estados Unidos; el convenio no obligó al señor de Kay a que proporcionara dicho armamento.

98. Expuso la Cláusula II una lista de contratos que ya existían para la compra de armas y municiones, importando 6,415,973.38 pesos. Una parte de esta suma se debía desde el régimen de los gobiernos de los Presidentes Díaz y Madero y copias de dichos contratos tendrían que suministrarse al señor de Kay "para su conocimiento y fines consiguientes al arreglar el pago y los embarques de dichas armas y municiones."

99. La Cláusula III se refería al convenio entre el señor de Kay y la Secretaría de Hacienda (Anexo 19 pág. 388) para que pusiera aquel a la disposición del Gobierno mexicano determinadas armas y municiones importando 6,415,973.38 pesos, como parte del producto de los 15,000,000 pesos de bonos de la Deuda Pública Interior que tomaba el señor de Kay en firme o, en vez de los mismos, que se pagara la cantidad de 6,415,973.38 pesos en efectivo, y se estipuló que la entrega de la documentación de embarque constituiría el cumplimiento del contrato.

Los contratos para armamento a que se refiere la cláusula de mención fueron todos contratos sobre los cuales el Gobierno mexicano había dejado de satisfacer los pagos corre-

spondientes. (Anexo 2, párrafo 85, pág. 251.) Esta cláusula fué suprimida por el contrato del 2 de marzo de 1914. (Anexo 21, Primera, C.)

100. La Cláusula IV proveyó que el Sr. de Kay tenía el derecho de entregar armamento al Gobierno mexicano por el valor de 6,334,026.62 pesos, cuya suma, junta con la que se especifica en la Cláusula III, (6,415,973.38) hizo un total de 12,750,000 pesos, o sea el equivalente de los 15,000,000 pesos de los Bonos de la Deuda Pública Interior a 85% que el Sr. de Kay había convenido tomar en firme, según su contrato de 8 de enero de 1914. (Anexo 19, página 388) El Sr. de Kay fué autorizado, a falta del armamento, a que pagase las sumas en efectivo.

Esta Claúsula IV fué suprimida por el contrato del 2 de marzo de 1914. (Anexo 21, primera C.)

101. La Claúsula V proveyó que dentro de 40 días (cuarenta) después de cumplir con la Claúsula IV, el Sr. de Kay daría aviso al Gobierno mexicano, manifestando si estaba en condiciones de proporcionar todas las armas y municiones que se especifican en la Claúsula I, pero la presente Claúsula V no impuso sobre el Sr. de Kay la obligación de proveer tal armamento. Por los términos del contrato del 2 de marzo de 1914 el Sr. de Kay conservó "todos los derechos otorgados a su favor" por esta Claúsula, pero sin obligarle a que proporcionara armamento alguno. (Anexo 21, primera C.)

102. La Claúsula VI proveyó que si el Sr. de Kay proporcionaba armamento al Gobierno mexicano en exceso del valor de 12,750,000 pesos, que le pagaría el valor del mismo con bonos del empréstito, a base de oro de la deuda Exterior de 1913 al 90% de su valor a la par, gozando dichos bonos del mismo grado de aceptación, sin ninguna reserva que correspondía a los bonos de la misma emisión que vendieron al Grupo Internacional Banquero en 1913. Esta Claúsula se

enmendó por el contrato del 2 de marzo de 1914. (Anexo 21, primera, C.)

103. La Claúsula VII de este contrato estipuló que el Sr. de Kay no incurriría en responsabilidad alguna por las demoras que pudieran ocasionarse por actos del Gobierno mexicano, por dejar éste de cumplir con su parte del contrato o por las demoras que se pudieran originar de la inspección y el despacho de tal armamento.

104. La Claúsula VIII estipuló que el contrato se firmara por duplicado y la Cláusula IX proveyó que, en vista de que los pagos se efectuarían por el Gobierno mexicano con bonos, se hizo renuncia del pago del impuesto del timbre causado por el contrato y del pago de honorarios consulares mexicanos relativo a los envíos que pudiesen hacerse al Gobierno mexicano.

105. Fué firmado el contrato por el señor John W. de Kay, el presente reclamante, y por el General A. Blaquet, Ministro de Guerra y Marina, representando el Ejecutivo federal.

106. Fué certificada la firma del General A. Blanquet por el Subsecretario del Ministerio de Relaciones Exteriores, firmándose dicha certificación el señor G. Fernández MacGregor, Oficial Mayor del despacho de Relaciones Exteriores, y fué atestiguada la firma del señor MacGregor por el Ministro de su Majestad Británica, por el Cónsul General de los Estados Unidos, y por los cónsules en México del Japón, de España, Francia, Austría Hungría, Alemania, e Italia. (Anexo 21, pág. 424.)

(e) Negociaciones en Europa

107. Al celebrarse los contratos a que se han referido, con fechas 8 de enero de 1914 (Anexo 19, pág. 388) y 10 de enero de 1914 (Anexo 20, pág. 412), el presente reclamante procedió a Europa para consultar con las compañías en París, con las cuales los gobiernos de los Presidentes Díaz, Madero y Huerta habían dejado de concluir las liquidaciones por

armas y municiones que fueron el objeto de contratos celebrados por dichos gobiernos. Todos estros tres régimenes mexicanos debían dinero a las compañías de referencia y las compañías contratantes no estaban dispuestas a proceder con los contratos antes de la liquidación de las deudas de los gobiernos mexicanos anteriores o antes de que se arreglaran satisfactoriamente. (Anexo 2, párrafo 85, pág. 251.)

108. El director principal de la Compañía más prominente fué M. Camberfort, director gerente de La Compagnie des Forges et Acieries de la Marine et d'Homecourt, (St. Chamond). En las conferencias que se celebraron entre este caballero y el señor de Kay relativas a la situación de la deuda del Gobierno mexicano por contratos anteriores para la compra de armas, aquel manifestó que la cantidad que importaban los contratos ya existentes entre su compañía y México excedían la suma de 4,000,000 dólares, oro americano, y que la suma que ya se debía a su compañía con motivo de los mismos contratos fué casi 2,000,000 dólares, oro americano, dando por resultado que la pretendida emisión de Bonos Interiores autorizados por el decreto de 8 de enero de 1914 se consumiría en gran parte al hacer la liquidación pendiente con la referida fábrica de armamento. Puesto que la compañía de este caballero fué la que ya había suministrado la mayor parte del armamento a México fué necesario conseguir el nuevo armamento de esta casa, puesto que el de diferente calibre o tipo no sería servible. En esta circunstancia se hizo preciso que México hiciera nuevos arreglos para pagar las sumas que debía en París. Relacionado con este punto es de acordarse que M. Camberfort era también vicepresidente del ComptoirNacional d'Excompte de Paris, que era uno del grupo contratante de bancos que había comprado del gobierno del President Huerta las 6,000,000 libras esterlinas de Bonos del Tesoro del Gobierno Federal de México del 6% de 1913, pagaderos a los 10 años.

Manifestó, el señor Camberfort después de consultar con su banco, que había resuelto que "St. Chamond" aceptaría al 70% de su valor a la par, los Bonos de la misma emisión de 6,000,000 libras, comprados por los bancos contratantes de referencia (el Grupo Internacional), aceptando así estos bonos como parte de las 16,000,000 libras esterlinas restantes de la emisión de referencia, importando 16,000,000 libras esterlinas, y una parte de los bonos comprendidos en la opción otorgada al Grupo Internacional Banquero a 90 sobre la par, quedando dicha opción en vigor hasta el 1° de julio de 1915.

Manifestó que St. Chamond convendría en aceptar estos Bonos a 70 y retenerlos hasta el día 1° de julio de 1915, y sí para esta fecha el Gobierno mexicano no los amortizara o si el Grupo Internacional Banquero no los tomara, llegarían a ser de la propiedad de St. Chamond. La cantidad que entonces debían a St. Chamond los Gobiernos mexicanos de los Presidentes Díaz, Madero y Huerta, era, como ya se ha manifestado, casi 2,000,000 dólares, oro americano. (Anexo 2, párrafos 85–88, pág. 251, y Anexo 22, 437.)

109. Por cable dirigido por el Agente Financiero del Gobierno mexicano en Londres al Ministro de Hacienda en México, se informó al President Huerta acerca de la situación así existente, con la recomendación de que se hiciera un nuevo arreglo con respecto a todo este negocio. (Anexo 2, párrafos 86, pág. 252.)

110. El 25 de febrero de 1914 (Diario Oficial, Especial, febrero 27 de 1914, Tomos. 130–131, pág. 467), en virtud de las facultades concedidas por la Ley de diciembre 17 de 1913 (Diario Oficial, Tomos 130–131, pág. 345, febrero 27 de 1914), el Presidente Huerta expidió un decreto en el cual dió facultades al señor del Paso, el Agente Financiero de México en Londres, para que modificara el contrato de enero 8 de 1914 (el cual fué el contrato celebrado con el señor de Kay,

el presente reclamante, el cual hizo provisiones para el pago de la deudas de México ya existentes por el armamento, por la compra de armas y municiones, y por la compra por México del 51% de los Certificados Fideicomisarios de Votación de la Compañía Empacadora Nacional Mexicana, Limitada) con el fin de cubrir dichos pagos y compras con los Bonos de la Deuda Exterior del 6%, de 1913, siendo dichos bonos una parte del empréstito de 16,000,000 libras esterlinas, creado bajo las estipulaciones del contrato entre el Grupo Internacional Bancario y el gobierno del Presidente Huerta de 8 de junio de 1913. Los Bonos así autorizados para determinados usos, estuvieron en aquel entonces sujetos a la opción que caducaba el 1° de julio de 1915, a 90% sobre su valor a la par, otorgada esta opción al Grupo Internacional de Banqueros, y como se expondrá más adelante, fué debidamente protegida esta opción por las estipulaciones del nuevo contrato que se celebró y que fué debidamento firmado. (Anexo 21, pág. 424.)

(f) Contrato de marzo 2, 1914, enmendando contrato de enero, 1914. (Anexo 21, pág. 424)

111. De acuerdo con las facultades otorgadas al Agente Financiero de México en Londres por el decreto de Febrero 25 de 1914, (Diario Oficial, Especial, febrero 27 de 1914, Tomos 130–131, pág. 467) se celebró un contrato suplementario entre el Gobierno de México por una parte, y el señor John W. de Kay, el presente reclamante, por la otra parte, con fecha 2 de marzo de 1914. (Anexo 21, pág. 424.)

Este contrato proveyó:

112. La Cláusula Primera, Inciso A, alteró la Cláusula IV del contrato de enero 8 de 1914, (Anexo 19, pág. 388) cuya Cláusula había estipulado que se entregara al reclamante 10,000,000 pesos (parte de la emisión de los Bonos de la Deuda Pública Interior de 25,000,000 pesos) por el 51% de los Certificados Fideicomisarios de Votación de la Compañía Empacadora Nacional Mexicana, Limitada, y

así alterada la Cláusula IV del contrato de 8 de enero de 1914, se redactó en los términos siguientes:

> 113. "El Gobierno mexicano compra del señor John W. de Kay en la suma de 10,000,000 pesos el 51% de los Certificados Fideicomisarios de Votación que son de la propiedad de él, y los cuales representan una cantidad exactamente igual a su valor en acciones ordinarias de la Compañía Empacadora Nacional Mexicana y constituye, como se ha expuesto ya, el control de dicha Compañía.
>
> "El pago de los 10,000,000 se hará con Bonos del Tesoro de la Deuda Pública Interior de 1913 a la par y dichos Bonos tendrán el mismo grado de aceptación que los de la misma emisión que tomaron por el contrato de 8 de junio de 1913 el Banque de Paris et des Pays-Bas en unión con otros bancos. Se entiende que dichos bonos estarán sujetos a los términos de dicho contrato del 8 de junio de 1913 celebrado entre el Gobierno mexicano y dichos Bancos en el sentido de que no puedan venderse por el señor John W. de Kay antes del 1° de julio de 1915.
>
> "El Gobierno tendrá el derecho pero no tendrá la obligación de pagar al señor John W. de Kay el 85% del valor nominal de los 10,000,000 pesos de los Bonos que reciba él en cualquier fecha antes del 1° de julio de 1915, tomando en cambio los Bonos referidos." (Anexo 21, pág. 424.)

114. El Inciso C de la Cláusula Primera del contrato de marzo 2 de 1914 suprimió la Cláusula Sexta del contrato de enero 8 de 1914, la cual hizo provisión por el pago de interés sobre la Deuda Pública Interior. (Anexo 19, pág. 388.)

115. El Inciso C de la Primera Cláusula del contrato enmendó la Cláusula Séptima del contrato del 8 de enero de 1914 (Anexo 19, pág. 388) cuya Cláusula Séptima había tratado de la emisión propuesta de Certificados Provisionales, representando los Bonos de la Deuda Pública Interior, de

manera que con tal enmienda la Cláusula Séptima del contrato del 8 de enero de 1914, decía como sigue:

116. "El 15 de marzo de 1914, a cuando más tardar, el Gobierno tendrá disponibles, con los trámites relativos ya terminados, los Certificados Provisionales o bonos al portador que representarán la suma de 3,025,000 libras esterlinas en Bonos de la Deuda Exterior de 1913 de referencia ya. De dichos Certificados el Agente Financiero del Gobierno Mexicano entregará al señor John W. de Kay 10,000,000 pesos por los Certificados Fideicomisarios de Votación que representan el 51% de las acciones ordinarias de la Compañía Empacadora Nacional Mexicana, Limitada, y las referidas 3,025,000 libras esterlinas restantes se depositarán, en las cantidades que sean necesarias, con los banqueros que designe el señor John W. de Kay después de que se hayan firmado los contratos entre el señor John W. de Kay y los diversos fabricantes por materiales de guerra, con el objeto de cumplir con el presente contrato, aceptandose con ese fín los bonos sobre la base que más adelante se estipula.

"Cuando el señor John W. de Kay entregue al Gobierno mexicano el 51% de los Certificados Fideicomisarios de Votación de la Compañia Empacadora Nacional Mexicana, Limitada, lo cual se hará en el momento preciso de firmarse los contratos que se celebren entre el señor John W. de Kay y el Banco o los Banqueros y los contratantes de materiales de guerra por un valor hasta de 35,000,000 de francos, el Gobierno conviene expresamente que todas las obligaciones asignadas al dicho señor John W. de Kay de acuerdo con el contrato del 8 de enero de 1914 a que se ha referido, celebrado entre el Gobierno y el mismo señor de Kay, habrán sido llenadas y que en cuanto a todas las partes de dicho contrato que no se enmiendan por el presente contrato, sigue dicho contrato del 8 de enero de 1914 surtiendo plena fuerza

y vigor y que las obligaciones asignadas al Gobierno mexicano por los Artículos Quinto y Décimo Cuarto de dicho contrato del 8 de enero de 1914 continuan surtiendo plena fuerza y vigor." (Anexo 21, pág. 424.)

117. Según el siguiente párrafo del Inciso C de la Cláusula Primera del contrato de marzo 2 de 1914 (Anexo 21, pág. 424) se proveyó que el señor de Kay continuaría gozando de todos los derechos que le fueron otorgados por las Cláusulas I y V del contrato de enero 10 de 1914, celebrado entre dicho señor de Kay y el Gobierno mexicano.

118. La Cláusula VI del contrato de enero 10 de 1914 fué enmendada por el siguiente párrafo del Inciso C de la Cláusula Primera del contrato de márzo 2 de 1914, (Anexo 21, pág. 424) de tal modo que el precio al cual el señor de Kay debía de recibir los Bonos del 6% del empréstito de 1913, en pago de armamento, siempre que deseara Suministrarlo al Gobierno mexicano, sería del 85% en lugar del 90% del valor sobre la par de dichos Bonos.

119. Por el párrafo final del Inciso C de la Cláusula Primera del contrato de marzo 2 de 1914, (Anexo 21, pág. 424) se estipuló la anulación de las Cláusulas III y IV del contrato de enero 10 de 1914, (Anexo 20, pág. 412). Estas Cláusulas trataban de las provisiones de poner a la disposición del Gobierno mexicano el producto de una parte de la propuesta Deuda Pública Interior, y por lo tanto, según el tenor del nuevo contrato, no tenía significado ninguno y por XX consiguiente carccían de fuerza y vigor.

120. El Inciso D de la Primera Cláusula del contrato de marzo 2 de 1914, (Anexo 21, pág. 424) trató de la Cláusula Novena del contrato del 8 de enero de 1914, (Anexo 19, pág. 388) cuya Cláusula Novena había estipulado que la contribución recaudada por el sacrificio de animales en el Rastro de la Ciudad de México se aplicaría al servicio de la propuesta emisión de Bonos de la Deuda Pública Interior.

Esta Cláusula Novena fué enmendada por el Inciso D a que se ha referido y decía textualmente como sigue:

> "El Gobierno mexicano dispondrá libremente de las contribuciones recaudadas del Rastro de la Ciudad de México." (Anexo 21, pág. 424.)

121. El Inciso E de la Cláusula Primera del contrato del 2 de marzo de 1914, (Anexo 21, pág. 424) suprimió las Cláusulas Décima y Undécima del Contrato de enero 8 de 1914. (Anexo 19, pág. 388.) Habían estipulado respectivamente las Cláusulas Décima y Undécima que el capital y el interés de los Bonos de la Deuda Pública Interior estarían exentos del pago de todo impuesto Federal, de los Estados o de los municipios, y que el producto de los Bonos de la Deuda Pública Interior debía de entregarse, 10,000,000 pesos al señor John W. de Kay, el presente reclamante, y que el mismo tomaría en firme el restante de 15,000,000 pesos.

122. El Inciso F. del contrato de 2 de marzo de 1914 suprimió toda la Cláusula Duodécima del contrato de 8 de enero de 1914, (Anexo 19, pág. 388) exceptuando los dos párrafos últimos de dicha Cláusula, los cuales quedaban en plena fuerza y vigor. Estos dos párrafos, así permaneciendo en vigor rezaban como sigue:

123. "Cuando el señor John W. de Kay entregue el 51% de los Certificados Fideicomisarios de Votación que vende al Gobierno mexicano, dicho Gobierno nombrará tres Fideicomisarios Votantes de la Compañía Empacadora Nacional Mexicana, Limitada, los cuales designarán una Junta Directiva para la Compañía de referencia y a nombre de los susodichos tres Fideicomisarios Votantes se registrarán todas las acciones ordinarias de la Compañía Empacadora Nacional Mexicana, Limitada, con la excepción de nueve acciones del valor nominal de Cien dólares cada una, las cuales es preciso conservar como acciones para los Directores.

"Los Fideicomisarios Votantes escojidos por el Gobierno nombrarán todos los Directores de la Compañía Empacadora Nacional Mexicana, Limitada, y luego instalarán como gerentes y funcionarios de dicha Compañía a las personas designadas por el Gobierno por intermediación de los Fideicomisarios Votantes."

124. La Cláusula Segunda del contrato de marzo 2 de 1914, (Anexo 21, pág. 424) primer párrafo, autorizó al señor de Kay que contratara con los banqueros, con los fabricantes de armamento y con otros hasta desembolsar la cantidad de 35,000,000 francos por material de guerra "sea según los contratos anteriormente celebrados o sea según los contratos que se puedan celebrar."

125. Los Incisos A y B de la Cláusula Segunda del Contrato de marzo 2 de 1914 declaraba que los 35,000,000 francos a que se refiere se aplicara (a) a los pagos de cantidades que se debían con motivo de contratos que con dichas firmas había celebrado anteriormente el Gobierno mexicano; y (b) para cubrir los pagos por "material nuevo de guerra" que se proporcionaría de acuerdo con contratos por hacerse; el total del importe de los contratos (a) y (b) siendo de 35,000,000.

126. Cláusula Tercera del Contrato de marzo 2, 1914, (Anexo 21, p. 424) proveyó que el Gobierno Mexicano depositaría con los banqueros que nombrara el Sr. de Kay £2,000.000 Libras esterlinas de los Bonos Provisionales del Empréstito Exterior del Gobierno de 1913, dichos bonos al ser depositados "deberían ser considerados en todo concepto pari passu con los bonos de la misma emisión vendidos en 1913 al Banco de París et des Pays-Bas y su Grupo."

Dichos bonos serían entregados por el banco depositario para efectuar el pago especificado en párrafos (a) y (b) de la claúsula Segunda del mismo Contrato de marzo 2, 1914 (Anexo 21, p. 424.)

127. Cláusula Cuarta del Contrato de marzo 2, 1914 (Anexo 21, p. 424) proveyó que si al primero de julio, 1915, o antes, el Gobierno Mexicano no hubiere pagado en efectivo las cantidades debidas a cuenta de Contratos (a) y (b) mencionados más arriba, los tenedores de bonos tendrían el derecho de retener los bonos que les habían sido entregados en relación con dichos contratos y que dichos bonos pertenecerían a los contratistas. El Gobierno tenía el derecho de pagar la cantidad en efectivo además del interés en cualquier tiempo antes del primero de julio de 1915.

128. Claúsula Quinta del Contrato de marzo 2, 1914 (Anexo 21, p. 424) autorizó al Sr. de Kay de convenir con los banqueros depositarios para "una participación en la emisión final del restante del empréstito de 1913, siempre sujeto al previo consentimiento del Banco de París et des Pays-Bas, y en los empréstitos futuros que el Gobierno hiciere."

Se llamó la atención al hecho que considerando el contrato entre el Gobierno Mexicano y el Banco de París et des Pays-Bas y su grupo, "el Gobierno no está libre para arreglar u ofrecer cualquier arreglo con respecto al Empréstito de 1913, ya mencionado, hasta después del primero de julio, 1915."

129. Claúsula Sexta del Contrato de marzo 2, 1914 (Anexo 21, p. 424) manifestó que ni los Banqueros con quienes los bonos estaban depositados ni los contratistas que pudieren recibir los bonos tendrían cualquier derecho para vender los bonos antes del primero de julio de 1915. Esta era la fecha en que expiraba la opción del Grupo Internacional Banquero.

130. En la claúsula Séptima del Contrato de marzo 2, 1914 (Anexo 21, p. 424) plenos poderes fueron conferidos al Sr. de Kay para contratar con el objeto de llevar a fin "las condiciones convenidas en éste entre el Gobierno y él", dándose especial autorización "para entrar en y firmar

dichos contratos con banqueros, fabricantes de armamento y cualesquiera otras personas, corporaciones o agentes que el considere necesario * * * sin incurrir en responsabilidad personal dicho Sr. John W. de Kay."

131. En la Claúsula Octava del Contrato de marzo 2, 1914, (Anexo 21, p. 424) las palabras "notificación" y "entrega" fueron definidas tal como se usaban en los contratos. En la Claúsula Novena, se hicieron estipulaciones cubriendo las estampillas y gastos relacionados con los contratos que se hicieren en virtud de la autorización conferida por este contrato de marzo 2, 1914.

132. Se notará de lo anterior que los Bonos del Tesoro del Gobierno Federal Mexicano, 6%, 10 años, 1913, habían de usarse para (a) atender al pago del 51 por ciento de los certificados fideicomisarios de la Compañía Mexicana Empacadora, Limited, que se comprasen del Sr. de Kay en persona, dichos bonos con tal objeto agregaban £1,025,000; y (b) pagar las cuentas vencidas que se debían por el suministro de materiales de guerra para los Presidentes Díaz y Madero, y para comprar nuevo material para el Presidente Huerta. Los bonos para pagar las armas compradas anteriormente y las que se iban a comprar sumaban £2,000,000 (suma total £3,025,000). Los bonos por valor de £2,000,000 serían entregados bajo condiciones diferentes a los entregados para asegurar el pago del control de la Compañía Empacadora. Las dos transacciones eran absolutamente independientes y los bonos emitidos y entregados con motivo de la compra de las acciones que daban el control de la Compañía Empacadora y la propiedad de hecho del 51% del activo de la Compañía no tenían relación alguna con los bonos depositados debido a la compra de armas y al pago de cuentas vencidas por armas, ya compradas. Estos bonos eran parte de las £10,000,000, Bonos del Tesoro del Gobierno Federal de México, 6%, 10 años, emisión de 1913, que los Banqueros

del grupo internacional, encabezados por el Banco de París et des Pays-Bas tenían en opción de acuerdo con el contrato de junio 8 de 1913 y emitidos bajo las mismas leyes y decretos que los bonos ahora en poder del público y reconocidos como legales por México fueron emitidos.

133. *Se notará también que la entrega de estos bonos al Señor John W. de Kay, el presente reclamante, en cambio por los Certificados, y a los banqueros depositarios y a los contratistas de materiales de guerra a cuenta de deudas viejas y otras compras, no pudo ni podía ni quiso decir que el Sr. de Kay o los banqueros y los contratistas se hiciesen dueños de estos bonos hasta después del primero de julio de* 1915, y que hasta esa fecha el Gobierno Mexicano pudiese pagar al Sr. de Kay o a los banqueros y contratistas respectivamente 85% (al Sr. de Kay) y 70% (a los banqueros y contratistas) del valor a la par de los bonos en moneda, junto con el interés sobre el valor nominal de los bonos al 6%, después de lo cual los bonos serían devueltos al Gobierno Mexicano. El 70% a cual precio los bonos fueron entregados a los contratistas era la relación que £2,000,000 tiene con 35,000,000 francos lo cual fué especificado en el contrato del 2 de marzo de 1914 (Anexo 21, p. 424). Los hechos precedentes son muy importantes. Este arreglo fué hecho para protejer los derechos estipulados en el contrato del Grupo Banquero Internacional con el Gobierno Mexicano, en estos bonos.

Como ya se ha demostrado, este arreglo de compra de materiales de guerra era sabido y aprobado por la Comptoir National d'Escompte de Paris, que era uno del Grupo Banquero Internacional que había contratado para los £6,000,000 de bonos emitidos en el contrato del 8 de junio de 1913, en conformidad con el decreto emitido por el Presidente Huerta el 30 de mayo del mismo año, *pero los hechos de estas transacciones de armas no tienen nada que ver con los bonos entregados para conseguir el pago para el Control de la*

Compañía Empacadora o bajo ciertas eventualidades constituir pago actual de tales Certificados. Claramente estos bonos relativos a la compra de armamentos de guerra no tienen conexión alguna con la reclamación aquí presentada.

Para conveniencia de referencia las estipulaciones de los Contratos de enero 8 de 1914 y de marzo 2 de 1914, para la compra de los Certificados de Votación (que representaron la propiedad de hecho de 51% del capital de la Compañía) se han combinado en un contrato y se han impreso como Anexo 34; las estipulaciones de los contratos de enero 10 de 1914 y de marzo 2 de 1914 para el pago de deudas viejas de armamentos de guerra y realizar contratos actuales para proveerse de armas han sido combinadas en un documento y se han impreso como Anexo 35.

(*g*) **Contrato con el Banco Depositario y St. Chamond, marzo 6 de 1914. (Anexo 22, p. 430.)**

134. De acuerdo con la autoridad concedida en el decreto de febrero 25 de 1914, cuya autoridad fué insertada en el mismo contrato, Artículos I, II, III, IV, V y VI de marzo 6, 1914 (Anexo 22, p. 430), el Sr. John W. de Kay, como el representante especial autorizado del Gobierno Mexicano llevó a cabo a su nombre con el Banque Cantonale de Berne, de Berna, Suiza, y con St. Chamond, un acuerdo con fecha de marzo 6 de 1914, en virtud del cual las £2,000,000 esterlinas de los Bonos del Tesoro del Gobierno Federal Mexicano, 6%, 10 años, 1913, para uso del pago de las deudas contraídas por los Gobiernos de los Presidentes Díaz, Madero y Huerta y por otras sumas acumuladas, fueron depositadas en dicho banco para ser entregadas como pago de esas obligaciones. (Anexo 22, p. 430.)

135. Este contrato proveyó para el pago exclusivamente de las deudas pendientes y las cantidades subsecuentemente pagables por el Gobierno Mexicano a St. Chamond de acuerdo con los contratos efectuados con aquella casa por

los Gobiernos de los Presidentes Díaz, Madero y Huerta el total de $4,000,000 Oro Americano con respecto á estos pagos habían ya vencidos y no habían sido pagados a St. Chamond por el Gobierno Mexicano durante los tres ya mencionados regímenes, alrededor de $2,000,000 oro Americano.

136. Este contrato de marzo 6 de 1914, (Anexo 22, p. 430) hecho con St. Chamond no incluyó términos actuales para la compra de cualquier armamento nuevo o materiales de guerra de la clase que fuese.

137. El artículo séptimo del Contrato de marzo 6 de 1914, párrafo "A" claramente expone que el objeto del contrato es el siguiente:

(*a*) "Proveer para el pago de las cantidades ya vencidas y pagables por el Gobierno Mexicano de acuerdo con contratos efectuados anteriormente entre dicho Gobierno y las partes de la tercera parte de la presente."

La parte dicha de la tercera parte era La Compagnie Des Forges et Acieries de la Marine et d'Homecourt, (St. Chamond.)

138. El sub-párrafo B del artículo séptimo del Contrato de marzo 6 de 1914, con St. Chamond (Anexo 22, p. 430) proveyó para el embarque del armamento que pudiese estar listo para ser embarcado.

139. El sub-párrafo C de la misma Claúsula Séptima (Anexo 22, p. 430) señalaba que el objeto del Contrato era garantizar el suministrar y embarcar el material de guerra el que debía ser provisto como estaba especificado en el contrato.

140. Claúsula Octava del Contrato de marzo 6 de 1914, (Anexo 22, p. 430) estipulaba que excepto por la alteración del tiempo de entregarlo y de la manera de hacer el pago, el cual se hacía con bonos en lugar de dinero, los contratos celebrados anteriormente por el Gobierno Mexicano con St. Chamond estaban en pleno vigor.

141. Al tiempo de firmar este contrato (Anexo 22, p. 430) con St. Chamond se le entregaron bonos para cubrir la cantidad pendiente de acuerdo con los contratos de los tres regímenes Mexicanos a los cuales ya se ha hecho referencia, pero no se entregaron bonos con respecto a nuevo armamento el cual sería suministrado subsecuentemente, pero que con motivo de la intervención de la guerrra Europea no se suministró. (Anexo 2, parrafo 93, pág. 254.)

(*h*) **Contrato de marzo 6, 1914, celebrado con el Banque Cantonale de Berne, de Berna, Suiza, y Cartoucherie Francaise, S. A. de París. (Anexo 23, p. 437.)**

142. Este contrato era parecido en sus términos y propósitos al contrato referido arriba con St. Chamond, (Anexo 22, p. 430) uno de los puntos siendo, como el mismo contrato lo dice (Claúsula Séptima): "proveer para el pago de las cantidades ya vencidas y pagables por el Gobierno Mexicano a la parte de la tercera parte de la presente." (Anexo 23, p. 437.)

143. De acuerdo con las Claúsulas 20, 21 y 22 de este contrato de marzo 6 de 1914, Cartoucherie Francaise S. A. (Anexo 23, p. 437) convino en vender material de guerra adicional al Gobierno Mexicano a precios especificados en el contrato.

EMBARQUES DE ARMAS EFECTUADOS

144. Con respecto a este contrato de marzo 6 de 1914, (Anexo 23, p. 437) se puede decir, para aclarar el asunto, que se envió a México por Cartoucherie Francaise, S. A. abordo de los barcos Kronprinzzessin Cecelie y Bavaria armamento por valor de alrededor $400,000 oro Americano con respecto al cual el Cantonale Banque entregó a Cartoucherie Francaise una suma correspondiente de bonos del Gobierno Mexicano como estaba estipulado en el dicho contrato de marzo 6

de 1914. Estos fueron los únicos bonos entregados por armamento con excepción de esos mencionados en párrafo 141. (Anexo 2, par. 93, p. 254.)

145. Con anterioridad a la llegada de este armamento en México el Gobierno de los Estados Unidos ocupó el Puerto de Vera Cruz, México, y como consecuencia de esto, el Sr. de Kay inmediatamente ordenó que todo el armamento arriba mencionado fuese llevado otra vez a Europa y fuese almacenado en España. Esto se hizo, así es que en realidad ningún armamento fué entregado a México. (Anexo 2, par. 93, p. 254.)

146. Subsecuentemente en 1916 el Gobierno de Carranza y Cartoucherie Francaise recibieron una cantidad que se decía pasaba de $600,000, producto de la venta del armamento almacenado en España. (Anexo 2, par. 93, p. 254.)

147. La transacción se llevó a cabo a nombre del Gobierno por el Sr. Juan Sánchez Ascona. Como este dinero habrá ido a parar al Tesoro Mexicano, deberá México tener el importe exacto de esta cifra en su poder. (Anexo 2, par. 93, p. 254.)

LA VENTA DE CERTIFICADOS FIDEICOMISARIOS DE VOTACIÓN

148. El 4 de marzo de 1914 el Sr. Pedro M. del Paso, Agente Financiero de México en Londres dirigió una comunicación al "City Safe Deposit and Agency Company, Limited", de Londres (Anexo 24, p. 445) en la cual, autorizado por su Gobierno, él declaró "que el Gobierno ha recibido de Usted $1,914,000 Certificados Fideicomisarios de Votación de la Compañía arriba mencionada", la Compañía Empacadora Nacional Mexicana Limitada, los Certificados siendo ésos vendidos a México por el presente reclamante, y confirmó la garantía del Gobierno Mexicano del principal e interés de los bonos hipotecarios de Primera y

Segunda Hipoteca de la Compañía Empacadora Nacional Mexicana Limitada, importando a la cantidad de $4,500,000. La carta declaró más aún que el Gobierno autorizó el "endoso sobre cada uno de dichos bonos de la notificación de esta garantía".

Esta declaración fué hecha en conformidad con la obligación del Gobierno Mexicano contenida en el Artículo V del Contrato de enero 8 de 1914, celebrado entre el presente reclamante y el Gobierno Mexicano. (Anexo 19, p. 388.)

149. En mayo 18 de 1914, John W. de Kay, el presente reclamante (quien era todavía el tenedor inscrito del 51% de los Certificados Fideicomisarios de Votación de la Compañía Empacadora Nacional Mexicana Limitada) nombró en conformidad con la petición del Gobierno Mexicano a los Señores Pedro Mariano del Paso, Agustín Maria Olmedo y Fernando Cabrera como Fideicomisarios de la Compañía Empacadora Nacional Mexicana Limitada, en lugar de los señores Sir Frank Crisp, Bt., Col. Pedro Suárez y W. Capel Slaughter. (Anexo 25, p. 447.)

150. El 15 de abril de 1914, se publicó en el periódico "The Times" de Londres en sitio conspicuo de la página editorial de la Sección Financiera de "The Times" la siguiente noticia para los capitalistas ingleses:

> "LA COMPAÑÍA EMPACADORA NACIONAL MEXICANA—EL GOBIERNO ADQUIERE EL CONTROL—EL INTERÉS DE LOS BONOS GARANTIZADO.
>
> "La Compañía Empacadora Nacional Mexicana proclama que después de prolongadas negociaciones el Gobierno Mexicano ha adquirido el control de 51% de las acciones Comunes.
>
> "El Gobierno incondicionalmente garantiza el pago de el principal y el interés de los dos Bonos Oro de Primera y Especial Hipoteca emitidos en el prospecto con fecha de enero 9 de 1913, y los Bonos de Segunda

Hipoteca de la Compañía siendo responsables por el interés que vence el 1° de julio de este año, y desde esa fecha hasta la fecha de la amortización de los bonos. Una declaración de esta garantía será endosada por el agente del Gobierno Mexicano sobre cada uno de los Bonos Definitivos de las dos series.

"Las negociaciones con el Gobierno Mexicano fueron iniciadas y llevadas a cabo en la ciudad de México por el Sr. John W. De kay, quien recibió originalmente las concesiones cuando el negoció se fundó. Los directores afirman que las facilidades excepcionales y especiales que tiene el Gobierno Mexicano para manejar y desarrollar este negocio, en la opinión de ellos, redundará en gran beneficio para los accionistas y tenedores de bonos de la Compañía.

"La Compañía se formó en Maine en enero de 1911 para acquirir ciertas concesiones donadas por el Gobierno Mexicano para el desarrollo del ganado y de las industrias de carne del país. La compañía tiene un capital de $12,750,000, $3,750,000 en acciones Ordinarias y $9,000,000 en acciones de Preferencia. Los Bonos de Seis Por Ciento de Primera Hipoteca no amortizados importan a $3,000,000; y los Bonos de Segunda Hipoteca importan a $1,500,000." (Anexo 2, párrafo 93, p. 254.)

151. El 10 de junio de 1914, Pedro M. del Paso, en carácter de Agente Financiero del Gobierno Mexicano en Londres dirigió la siguiente comunicación al Presidente de la Junta Directiva de la Compañía Empacadora Nacional Mexicana, Limitada:

152. "Permítome informar a Ud. que por declaración hecha por el Sr. John W. de Kay el 18 de mayo pasado, actuando bajo instrucciones recibidas del Gobierno Mexicano por virtud del interés que ha adquirido en su Compañía y en conformidad con los poderes que se le ha conferido por la Declaración y Convenio de Fideicomisarios con fecha de 4

de noviembre de 1914, se nombró como Fideicomisarios a los señores: Pedro M. del Paso, Augustín M. Olmedo y Fernando Cabrera.

> "En nombre del Comité de los dichos Fideicomisarios, permítome añadir e informar a Ud. que el Gobierno Mexicano desea que sea nombrado como Gerente de la Compañía, interino, el Sr. Louis F. de Kay y espero que Ud. se servirá solicitar de la Junta Directiva que obre en conformidad con esta petición." (Anexo 26, p. 448.)

153. El 10 de junio el Presidente de la Compañía Empacadora Nacional Mexicana, Limitada, notificó que de acuerdo con las instrucciones del Sr. Pedro M. del Paso, el Sr. Louis F. de Kay había sido nombrado Gerente interino de la Compañía, y el 19 de junio Del Paso acusó recibo de esta carta. (Anexo 27, p. 449.)

154. Los £1,025,000 bonos fueron entregados al Sr. de Kay, el presente reclamante, al tiempo que él entregó al Agente Financiero del Gobierno Mexicano en Londres el 51% de los Certificados Fideicomisarios de Votación de la Compañía Empacadora Nacional Mexicana, Limitada. (Anexo 2, párrafos, 90–92, págs. 252–253.)

155. La entrega hecha por el Sr. de Kay de los Certificados Fideicomisarios de Votación al Señor del Paso, Agente Financiero del Gobierno Mexicano en Londres, y de los bonos al Sr. de Kay por el Gobierno Mexicano por conducto del Señor del Paso, se llevó a efecto en la oficina de Sir Frank Crisp, Bart., en Londres, Inglaterra, en presencia de Sir Frank Crisp, Bart., Sr. W. Capel Slaughter, y el General Arthur Maxwell, representando a los Señores Glyn, Mills, Currie & Co., Banqueros de 67 Lombard Street, Londres, E. C. (Anexo 2, párrafos 92, p. 253.)

MÉXICO TOMA POSESIÓN DEL NEGOCIO Y DE LA PLANTA DE LA COMPAÑÍA EMPACADORA NACIONAL MEXICANA LIMITADA

156. El Gobierno Mexicano tomó posesión de las plantas, de la propiedad y de los negocios de la Compañía Empacadora Nacional Mexicana, Limitada, en México, abril de 1914, (en la cual, como resultado de la compra, tenía un dominio equitativo del 51% del haber total) instalando su propio personal al frente de los negocios como también percibiendo los ingresos y los beneficios, y ésta ha continuando siendo la situación desde aquella fecha hasta el presente, en cuanto a lo que ha sabido el reclamante y en cuanto a lo que él cree. (Anexo 2, párrafo 92, p. 253; Anexo 3, párrafos 37–38, p. 284.)

Cuando el Gobierno Mexicano tomó posesión por su propio personal, las casas empacadoras, las sucursales de almacenes refrigeradores, la maquinaria, el equipo, los carros refrigeradores, los carros repartidores y todas las otras propiedades de la Compañía Empacadora Nacional Mexicana, Limitada, estaban en perfecto estado, de uso y en condiciones eficientes para su funcionamiento. (Anexo 3, párrafos 39–41, p. 285.) Las operaciones de la Compañía habían sido tales que llenaban todos los requisitos de sus varias concesiones que estaban cuando este traspaso se efectuó en pleno vigor y efecto como reconocidas por el Gobierno de México.

157. Estas varias transacciones (decretos y contratos) fueron presentadas para su aprobación al Congreso Mexicano, a la Cámara de Díputados el 29 de abril de 1914, y al Senado el 2 de mayo de 1914, y por ambos cuerpos legislativos estas transacciones (decretos y contratos) fueron aprobadas y ratificadas. (Diario Oficial, mayo 23, 1914, Vols. 132–133, p. 191; mayo 30 de 1914, idem, p. 257; vea también párrafo 171 más adelante.)

158. El dia primero de julio de 1914, el Gobierno Mexicano publicó en "The Financial Times" en Londres, y en los periódicos de Londres generalmente, la siguiente notificación demonstrando la finalización de la compra hecha al presente Reclamante del control de la Compañía Empacadora Nacional Mexicana, Limitada:

PAGO DE LA EMPACADORA NACIONAL MEXICANA POR INTERÉS SOBRE LOS BONOS

"El Agente Financiero del Gobierno Mexicano manifiesta que los intereses del 6% sobre los Bonos Hipotecarios de Primera y Especial Hipoteca de la Compañía Empacadora Nacional Mexicana, que vencen el primero de julio, se pagarán al presentarse los cupones en la agencia de Londres, 110 Cannon-Street, E. C.

"Los tenedores de bonos de la Dueda Exterior en oro, del empréstito de 1913, al 6%, emitidos por México en relación con el contrato por el cual el Gobierno Mexicano acquirió el control de la Compañía Empacadora Nacional Mexicana, Limitada, pueden dirigirse a la Agencia Financiera, donde se emitirán cédulas para cubrir el interés que vence el primero de julio de 1914, tales cédulas siendo pagaderas en la Agencia Financiera del Gobierno Mexicano." (Anexo 2, párrafo 113, p. 262.)

MEXICO HA COBRADO Y HA GUARDADO TODOS LOS INGRESOS DEL NEGOCIO

159. Durante este período de ocupación y funcionamiento de las plantas, propiedad y negocios de la Compañía Empacadora Nacional Mexicana, Limitada, (esto es, desde abril de 1914 hasta ahora) ningún pago se ha hecho tanto a los tenedores de Acciones Preferidas como a los tenedores de Acciones Ordinarias, ni el interés de los bonos de la Compañía ha sido pagado por la Compañía misma o por el

Gobierno Mexicano, el cual de acuerdo con las estipulaciones del contrato de enero 8 de 1914 (Anexo 19, p. 388), garantizó el pago de los intereses de dichos bonos. (Anexo 2, párrafos 48, 107, páginas 258, 261.)

160. Desde el 1914 hasta la presente fecha el Gobierno Mexicano no ha rendido informe alguno a los dueños de las acciones de la corporación de la Compañía Empacadora Nacional Mexicana, Limitada, ni a los tenedores de sus valores hipotecarios. (Anexo 2, párrafo 98, 108, páginas 258, 261.)

161. El reclamante ha sido informado y cree que desde el año 1914 hasta la presente fecha, varios Gobiernos Mexicanos han estado en dominio absoluto y control de este negocio, que han sacado de ahí una renta importante, y que han recibido grandes cantidades de dinero de la venta de plantas, maquinaria, maquinaria refrigeradora y el terreno que ocupa la planta, carros refrigeradores y otra propiedad importante que pertenecía a la Compañía, y que tales Gobiernos han convertido a su propio uso todo el dinero recibido de estas ventas sin dar cuenta jamás a los tenedores de Acciones Preferidas o a los tenedores de Acciones Ordinarias, o a los tenedores de los valores hipotecarios de la Compañía: (Anexo 2, párrafo 109–115, p. 261.)

162. Con relación a esto, nota debe hacerse que no obstante que el Gobierno Mexicano estaba en posesión de las plantas y de la propiedad de la Compañía Empacadora Nacional Mexicana, Limitada, de la cual tenía control, y no obstante de estar este Gobierno obligado como tenedor de acciones y como quien tenía el control de la Compañía Empacadora Nacional Mexicana, Limitada, a conducir los asuntos de la Compañía en una manera formal informar a los tenedores de acciones y de valores hipotecarios en que condición se encontraba la Compañía, dar cuenta del dinero recibido por el funcionamiento de la propiedad de la Compañía, y tener a la Compañía operando como empresa en plena función,

permitió, sinembargo, que las contribuciones de la Compañía Empacadora Nacional Mexicana, Limitada, vencidas en Maine, se venciesen y no fuesen pagadas, y como resultado de ésto, el reclamante está informado y cree que se permitio que la carta Constitucional de la Compañía caducase. (Anexo 28, p. 451.)

163. Se desprende ahora que de las aseveraciones que han aparecido últimamente en publicaciones oficiales de México que no sólo permitió el mismo Gobierno de México que la carta Constitutiva de la Compañía caducara, sino que de igual manera permitió que caducaran las concesiones de la Compañía, quitando así de los tenedores de bonos de la Compañía una parte considerable de los valores que apoyaban dichos bonos, y quitando de los accionistas de la Compañía una parte considerable de la propiedad que poseían directamente. Se desprende además de la misma aseveración que el Gobierno Mexicano otorgó a varios concesionarios el derecho de operar las propiedades físicas de la Compañía y que empleaban dichos concesionarios las mismas propiedades con tanto descuido y negligencia que llegaron a estar en tal estado de descompostura que fué preciso emplear más de 1,900,000 pesos para rehabilitarla y aumentarla de una manera relativamente considerable. Dicha aseveración dice textualmente así:

> "El Rastro de la Ciudad de México, recogido por el Gobierno Federal de una compañía concesionaria por falta de cumplimiento de las estipulaciones de su propia concesión y por la erogación motivada por la emisión de un número determinado de acciones que fueron a parar en su mayor parte a mercados extranjeros, y explotado posteriormente por sucesivos concesionarios que en ninguna forma cuidaron de su conservación ni de su mejoramiento, fué incorporado a la administración de bienes nacionales en febrero de 1924, y se acordó proceder a su reconstrucción total,

a efecto de ponerlo en las condiciones en que operan los Rastros más completos en países más adelantados que el nuestro, dotándolo además de servicios de que había carecido hasta entonces, o que, por el abandono de sus sucesivos administradores, habían perdido su aplicación práctica. El costo de tal reconstrucción fué de 1,927,779.36 pesos." (Memoria de la Secretaría de Hacienda y Crédito Público, Traducción tomada del capítulo VII de Bienes Nacionales, página 163. Informe de la Secretaría de Hacienda y Crédito Público, 1923–1924–1925; al Congreso de la Unión.)

La naturaleza y la relativa extensión de las alteraciones hechas al Rastro en la ciudad de México, nada más, y la "reedificación" a la cual ya se ha hecho referencia, pueden deducirse de un exámen de las fotografías reproducidas en el Anexo 7 de este Memorial y de las fotografías reproducidas en las páginas 387–391 de la Memoria de la Secretaría de Hacienda y Crédito Público, a la cual hace poco se ha hecho citación.

164. *Por el control de este gran negocio el cual fué de este modo entregado por el presente reclamante a México, y por la propiedad de hecho de 51% del mismo (por razón de la propiedad de 51% de las acciones Ordinarias de la corporación que es dueña de las propiedades) el Gobierno Mexicano nunca ha pagado un dollar al reclamante con excepción del primer pago de los intereses, vencidos el primero de julio de 1914, el cual pago de intereses fué* hecho de fondos que el reclamante le prestó al Gobierno de México, y cuyos fondos que él prestó al Gobierno Mexicano nunca le han sido devueltos. (Anexo 2, párrafos 118, 120, pág 265.)

165. Además, no solamente el Gobierno Mexicano así faltó en su deber de cumplir las obligaciones de sus bonos, en cuanto al principal y al interés—los bonos venciendo en 1923—sino que también el Gobierno Mexicano, por medio de sus agentes debidamente autorizados, ha repudiado dichos

bonos y ha manifestado que éstos no tienen valor. Ésto ocurrió más *de siete meses antes de que los bonos pudieran pasar a la propiedad del reclamante,* mientras que al mismo tiempo reteniendo el dominio de la propiedad en cambio de la cual los bonos fueron depositados con el reclamante, y apropiándose para su propio uso todas las rentas, utilidades y entradas, sea las que fueren, procedentes de la Compañía, y desde la fecha de julio 1° de 1914, cuando el primer interés vencido de los bonos fué pagado, hasta la presente fecha, el reclamante no ha recibido un centavo del Gobierno Mexicano a cuenta del gran negocio y propiedades, el dominio del cual y la propiedad de hecho de 51% de éste, él vendió y entregó a ese Gobierno, pasándole el dominio de la corporación que era dueña de las propiedades. (Anexo 2, párrafos 120, 121, p. 265.)

REPUDIACIÓN DE LOS BONOS ENTREGADOS CON RESPECTO A LA COMPRA DE LOS CERTIFICADOS DE VOTACIÓN, DEJANDO DE ESTE MODO AL RECLAMANTE SIN CUALQUIER COSA, SEA LO QUE FUERE, POR PROPIEDAD COMPRADA Y RETENIDA POR MÉXICO

166. El día 5 de diciembre de 1914, un tal M. Covarrubias, que se firmaba él mismo, "Agente Financiero interino del Gobierno de México", publicó en el "Financial Times" de Londres una declaración manifestando que los contratos por los cuales el Gobierno Mexicano acquirió el dominio de la Compañía Empacadora Nacional Mexicana, Limitada, y los bonos emitidos por el Gobierno Mexicano en pago por la acquisición de tal control o dominio no tenían valor legal y no serían reconocidos por México. Este paso de Covarrubias fué dado casi ocho meses antes de que los bonos entregados al reclamante en cambio (bajo ciertas contingencias) por la propiedad entregada por el reclamante pudiesen llegar a ser la propiedad del reclamante.

167. Al mismo tiempo Covarrubias notificó al Banque Cantonale de esta repudiación, pero el Banque se negó a reconocer este hecho. (Anexo 29, p. 452.)

168. La publicación de esta declaración de repudiación hecha por Covarrubias destruyó por completo cualquier o todo el valor que tuviesen los bonos, y desde esa fecha hasta el presente día estos bonos han permanecido sin valor. (Anexo 2, párrafo 119, p. 265.)

169. Además, esta repudiación de M. Covarrubias fué en otras fechas publicada de nuevo por el Gobierno Mexicano como demuestra lo siguiente:

(*a*) El 23 de mayo de 1921, el Sr. William Higgins, de Long Island, New York, pidió información al Agente Financiero Mexicano de 120 Broadway, New York, con respecto a Series "A", "B" y "C" de "Bonos del 6% de 1913, emitidos por el Gobierno de México".

El Agente Financiero (F. Amiel Vargas) contestó el 27 de mayo de 1921 que tales bonos "corresponden a empréstitos llevados a cabo durante la administración del General Victoriano Huerta, los cuales empréstitos fueron declarados como ilegales según el decreto del 23 de abril de 1913, debido a la anti-constitucionalidad de la Administración de Huerta".

Las manifestaciones del Agente Financiero fueron confirmadas el 14 de junio de 1921 por la Secretaría de Hacienda y Crédito Público. (Vease Anexo 12, el caso de los Estados Unidos de América a nombre de la Guaranty Trust Company de New York, como Fideicomisario en contra de los Estados Unidos Mexicanos, Expediente número 3320, ante esta Comisión.)

(*b*) En el convenio para el "Reajuste de la Deuda" entre el Gobierno de México y el Comité Internacional de Banqueros del 16 de junio de 1922, en donde en calidad de nota a la "Cédula de Obligaciones" agregado a aquel convenio, la siguiente declaración se hace—.

NOTA.—* * * En la tabla anterior no se ha hecho estipulación para (1) aquellos bonos de las emisiones de Huerta (que se siguen a los llamados de la emisión "A"), que los poseen los bancos como colaterales ni (2) los llamados de la emisión DeKay que el Gobierno no reconoce.

En una carta de fecha 12 de junio de 1922, el Sr. Thomas W. Lamont, escribiéndole a los señores J. Spieler & Co., Banqueros de Lucerna, Suiza, manifestó en las siguientes palabras el motivo que impulsaba esta renovada repudiación:

"Sabemos de fuente fidedigna que el reconocimiento de todos los bonos de Huerta es una cuestión política, tal, que ningún Gobierno que reconociese los empréstitos plenamente, sobreviviría." (Anexo 30, p. 455.)

170. Con respecto a estos bonos que fueron de este modo repudiados y declarados nulos por esta declaración del Agente del Gobierno de Carranza, la cual fué publicada de nuevo, como se ha dicho antes, se puede decir lo siguiente en resumen:

(1) Estos bonos eran parte de los bonos autorizados por el Congreso de México en la ley promulgada el 30 de mayo de 1913, por el Presidente Huerta.

(2) El Congreso que autorizó el empréstito, del cual formaban parte, estos bonos era el Congreso que se eligió durante el régimen del Presidente Madero.

(3) Estos bonos eran parte de la misma emisión de £6,000,000, comprados y emitidos al público por el Banque de París et des Pays Bas y los bancos asociados con el mismo en el mes de julio de 1913, los cuales han sido reconocidos por el Gobierno Mexicano como válidos y obligatorios, y los que fueron emitidos y vendidos al público de acuerdo con el contrato celebrado el 8 de junio de 1914, entre el International Banking Group y el Agente financiero de México del Presidente Huerta en Londres, el Sr. Luis L. de la Barra.

(4) Los Bonos que Covarrubias había hecho que quedasen sin valor formaban parte de los bonos incluídos en la opción del contrato relativo a los £6,000,000 celebrado entre el Banque de París et des Pays Bas y el Gobierno de México y fueron los bonos respecto a los cuales el Gobierno de México estipulaba que equivalían en todos conceptos *pari passu* a los £6,000,000 de bonos vendidos al Banco de París et des Pays Bas y sus asociados.

(5) Los bonos por valor £6,000,000 comprados por el Banque de París et des Pays Bas no han sido nunca repudiados por el Gobierno de México, y, por el contrario, dicho Gobierno ha celebrado varios contratos posteriores que proveian la reanudación del servicio después de la falta de pago de tales bonos.

(6) Otras porciones de la misma emisión de bonos, es decir, las £10,000,000, las cuales fueron retenidas bajo opción por el Banque de París et des Pays Bas y sus asociados, fueron tomadas por algunos de los miembros de aquel grupo de banqueros después de la fecha en que se hizo la entrega de parte de los bonos al reclamante (compra de armamento).

También, en Septiembre de 1913, el Gobierno Mexicano obtuvo un empréstito del Banco Nacional de México, en el cual participaron otros bancos y entregó como garantía £1,206,000 esterlinas de los bonos de los £10,000,000 ya aludídos, por un adelanto de 10,000,000 pesos, y otro adelanto probable de 8,000,000 pesos. El Banco Nacional de México era miembro del "International Banking Group" que tomó los primeros £6,000,000 de esta emisión.

A fines de diciembre 1913, y otra vez a principios de 1914, el Gobierno Mexicano usó otros tantos de estos bonos de la emisión de £10,000,000, en sus negociaciones con el Guaranty Trust Co. de New York, para pagar los cupones que vencían por concepto de los bonos garantizados de los

Ferrocarriles Nacionales de México. (Anexos 2, parrafos 124, 125, p. 267; 33, p. 457; 34, p. 457.)

(7) Durante las negociaciones con el grupo internacional de banqueros para la reanudación del servicio que había sido suspendido sobre los £6,000,000 emitidos a los bancos en el año de 1913, el Gobierno Mexicano francamente indicó a los representantes del International Banking Group que la repudiación de los Bonos de la Serie C, entregados al reclamante como garantía del pago por el control de la Compañia Empacadora Nacional Mexicana, Limitada, se hizo como un acto de necesidad política. (Anexo 2, par. 126, p. 267; Anexo 30, p. 455.)

LEGALIDAD DE LA COMPRA HECHA POR MEXICO

171. El reclamante, al celebrar estos Contratos de Venta con el Gobierno Mexicano, se apoyaba en las opiniones legales de hombres versados en las leyes de México y también en el Derecho Internacional y particularmente en el certificado formal y la opinion legal y declaracion del Señor B. Carbajal y Rosas, que en aquel entonces era el Ministro del Presidente Huerta en Londres, y quien entregó al Sr. John W. de Kay, el reclamante, el certificado que más adelante se mencionará. (Anexo 32, p. 457.)

172. El día 9 de Enero de 1914, el Lic. A. Garza Galindo, entonces Subsecretario de Justicia, rindió una opinión sobre las negociaciones, la cual dice lo siguiente:

> "Correspondencia particular del Subsecretario de Justicia."
>
> "México, *9 de enero de 1914.*
>
> "John W. de Kay:
>
> "Mi estimado amigo:
>
> "Me es muy satisfactorio el darle mi opinión como abogado, respecto a la eficacia del Contrato que Ud. celebró ayer con el Departamento de Estado y Des-

pacho de Hacienda, y a la vez aprovecharé esta oportunidad para manifestarle mi opinión como un funcionario público con respecto a la legalidad de todos los actos de la presente Administración, de la cual tengo el honor de ser un miembro.

"El Gobierno, según está constituido ahora, derivó su origin de las renuncias sometidas al Congreso de la Unión en el mes de febrero pasado por los Sres. Francisco I. Madero y José María Pino Suárez, de sus puestos de Presidente y Vice Presidente, respectivamente, de la República. Estos Señores fueron colocados en dichos puestos de acuerdo con una elección general, y con motivo de sus renuncias y de conformidad con Art. 81 de la Constitución de la República Mexicana, el Secretario de Relaciones Exteriores, Sr. Lascurain, tomó el puesto de Presidente y nombró al General Victoriano Huerta como Secretario de Gobernación. El Sr. Lascurain entonces renunció su puesto y al General Huerta se confirió el título de Presidente Constitucional de la República Mexicana.

"Aquí desearía llamar la atención de Ud. sobre el hecho de que el Congreso que aceptó las renuncias de Madero, Pino Suárez y Lascurain, fué el Congreso que se eligió durante la época de la Presidencia de Don Francisco I. Madero. Este mismo Congreso recibió el juramento del actual Presidente, el General Huerta, quien desde aquel momento fué reconocido y sigue siendo reconocido por el Tribunal Supremo de Justicia de la Nación; así es que, con los tres poderes, Ejecutivo, Legislativo y Judicial, autorizados para ejercer la Soberanía Nacional, como se provee en Art. 50 de la mencionada Constitución Política de la República, el actual Gobierno de México es el úñico gobierno legítimo de la República, y como tal ha sido reconocido por la mayoría de la Naciones civilizadas, y la única excepción bien conocida, ha sido influída mayormente por cuestiones de interés malentendido

que por principios, pero el resultado será que en breve esa Nación también hara su reconocimiento.

"El Gobierno Mexicano así constituído se quedó en su puesto sin obstáculo, con la excepción de los disturbios que desgraciadamente existen debido a los desordenes que prevalecen en algunas regiones de la República, hasta el mes de octubre pasado, cuando la Cámara de Diputados, no solamente trató de abrogarse algunos de los poderes exclusivos del Ejecutivo, sino que también repudio el Poder Judicial, obligando asi al Presidente de la República, quien es, de conformidad con la Constitución, las Leyes y las ideas políticas de todo país civilizado, el más directamente responsable por la conservación del Estado, a disolver la Cámara de Diputados del Congreso de la Unión, y á asumir los poderes necesarios hasta el tiempo de elegir un nuevo Congreso, para lo cual se anunciaron las elecciones en seguida.

"El Poder Judicial de la Federación, en el cual se encuentran aun elementos que han sido derivados desde la época del Gobierno del Gen. Díaz, y también varios miembros elegidos durante el periódo en que Don Francisco I. Madero dominó en México, siguió ejerciendo sus funciones sin estorbo alguno, en la misma forma en que continua toda autoridad constituída.

"Las elecciones tuvieron lugar en el breve tiempo que se habían provisto, para que resultaran efectivas, y el Congreso disuelto nuevamente se organizó, tomando el nuevo Congreso los poderes que el Executivo le había atribuido, y el Presidente de la República le informó de todos los Actos que había puesto en vigor durante el intérvalo durante el cual no hubo Congreso, y por las leyes que se promulgaron de conformidad con la Constitución por el nuevo Poder Legislativo, los Actos del Ejecutivo fueron sancionados, y el Congreso aprobó el ejercicio del poder que había asumido.

"Los tres Poderes de la Union otra vez asumieron sus deberes usuales y de acuerdo con la estipulación del Art. 62 de la Constitución, y actuando de acuerdo con el Art. 29 de la misma, se promulgó la Ley del 17 de diciembre de 1913, que autorizó al Ejecutivo a pasar durante su receso todas las leyes necesarias para llevar a cabo la pacificación de la Nación.

"Para estar en una posición de poder juzgar el derecho del Poder Legislativo para autorizar al Ejecutivo en los términos en que lo hizo, basta conocer los preceptos generales de la Constitución de la República de México, y particularmente, tomar en cuenta el hecho de que las cuatro quintas partes de la Legislación que ahora está en vigor en México, ha sido promulgada por el Ejecutivo, autorizado por el Poder Legislativo, y basta recordar que en esta forma han sido formulados los Códigos Civil y Mercantil, los Códigos de Bancos y Ferrocarriles y los de Procedimientos Judiciales del orden comun y Federal, para convencerse de que toda vida ecónomica y política de la República de México durante los últimos cincuenta años, por lo menos, ha sido tranquila, con respecto a sus relaciones oficiales y contractuales creadas de acuerdo con la influencia de las leyes promulgadas por el Ejecutivo así autorizado por el Poder Legislativo.

"En virtud de la autoridad concedida al Ejecutivo Federal por la ley del Congreso del 17 de Diciembre, último, el Decreto del 8 de enero del corriente año que creó una Deuda Interior Pública de 25,000,000 pesos, y que autorizó la acquisición del control de la Cia. Empacadora Nacional Mexicana, Ltda., fué emitido con el propósito de poder garantizar que las contribuciones recaudadas en el Rastro de la Ciudad de México son para el servicio de dicha Deuda Interior Pública, y en concepto de mayor consideración, el contrato celebrado ayer con Ud. se hizo con el consentimiento expreso del Presidente de la Repúb-

lica, obtenido en una sesión de su Consejo de Ministros. Es de la más alta responsibilidad y siempre será reconocido no solamente por el actual Gobierno sino por cualquier otro Gobierno que, constitucionalmente, seguirá al presente, del mismo modo que este Gobierno y los que han precedido, han reconocido las obligaciones contraídas por sus predecesores. La única excepción se encuentra en las obligaciones contraídas por el Gobierno que se llamó el Imperio, y ésto se debió al hecho de que fué un Gobierno extranjero que había usurpado los derechos soberanos de la Nación, y aunque han occurrido en México frecuentes cambios de gobierno de un modo violento, hemos, sin excepción, aceptado las obligaciones contraídas por gobiernos anteriores. No debemos, ni aceptarémos obligaciones que ningún elemento extranjero trata de imponer sobre nosotros por haber tomado forzosamente el Gobierno Nacional.

"Como hago referencia en esta carta al texto de la Constitución Política de la República de México y a las leyes del Congreso, para evitar el hacer que esta carta resulte demasiada larga, he abstenido de hacer copias de ellas *in extenso*, pero tengo el placer de acompañarle una copia de la Constitución política de México y de las leyes arriba mencionadas.

"Quedo de Ud. con toda consideración,

"Suyo afmo.

"A. Garza Galindo,

"*Subsecretario de Justicia.*"

(Anexo 31, p. 457.)

173. Con fecha del 16 de febrero de 1914, el ilustrado jurisconsulto, Dr. B. Carbajal y Rosas, entonces Ministro de los Estados Unidos Mexicanos en Londres y ahora Agente de los Estados Unidos Mexicanos ante la Comision General de Reclamaciones rindió la opinión siguiente sobre esta negociación:

[Traduccion]

"Legación de los Estados Unidos de Mexico

"El infrascrito Abogado de los Tribunales de la República Mexicana y Ministro de México en Londres, de acuerdo no solamente con su opinión oficial, como Representante de su Gobierno, sino también con su criterio jurídico profesional, declara que, después de estudiar detenidamènte el Contrato firmade en la ciudad de México al día 8 de enero del corriente año, por el señor Licenciado don Pascual Luna y Parra, Subsecretario Encargado del Despacho de Hacienda y Crédito Público, en representación del Ejecutivo Federal, y por el señor John W. de Kay, por su propio derecho, asi como las disposiciones legales que á dicho Contrato sirven de fundamente, ha llegade á las conclusiones siguientes:

"I El Contrato en cuestión ha sido celebrado por el Ejecutivo de la República con entera sujeción á las disposiciones contenidas en el Decreto expedido por el señor Presidente Interino Constitucional de los Estados Unidos Mexicanos el día 8 de enero de 1914, el cual fué debidamente publicado en el número 8, Tomo CXXX del 'Diario Oficial,' correspondiente al día 9 del mes y año expresados, y en cuya virtud se autoriza la emisión de Bonos de la Deuda Pública Interior del 6%, por valor de veinticinco millones de pesos, bajo las condiciones y términos que en el mismo Decreto se formulan y con el fin de atender á las necesidades de la completa pacificación de la República.

"II El Decreto de referencia fué expedido por el Ejecutivo en virtud de la facultad expresa que le fué otorgada por el Congreso de la Unión á fin de que, durante el receso de las Cámaras Legislativas, dicte todas las providencias que juzgue necesarias, en los ramos de Gobernación, *Hacienda* y Guerra, para conseguir el objeto á que se alude al fin del párrafo anterior.

"III El Poder Legislativo, al otorgar al Ejecutivo las facultades extraordinarias antes señaladas, en los términos del artículo primero de la Ley de 17 de diciembre de 1913, (Número 40, Tomo CXXIX del 'Diario Oficial'), lo hizo amparado por el derecho supremo que le da el artículo 29 de la Constitución Política vigente, de 5 de febrero de 1857, para conceder las autorizaciones que estimo necesarias á fin de que el Ejecutivo haga frente a la situación en los casos de invasión, *perturbación grave de la paz publica* ó cualesquiera otros que pongan á la sociedad en grave peligro ó conflicto.

"IV En consecuencia, los bonos á que se refieren los articulos cuarto, sexto, séptimo, noveno, décimo, undécimo y décimo séptimo del Contrato que ha dado lugar á las presentes declaraciones, así como las certificados provisionales que los representen, en los términos estipulados en el artículo séptimo, imponen al Gobierno de México una obligación legítima, contraída con sujeción á las leyes del país y por conducto de los funcionarios á quienes las mismas leyes confieren las facultades necesarias para pactar esa clase de compromisos, y, por tal razón, deberán ser siempre reconocidos, hasta su amortización total, en toda su validez y con todas las garantías que respecto á ellos se han estipulado, no solamente por el Gobierno actual, sino por cualquiera otro que lo substituya en el régimen constitucional de la República.

"Londres, 16 de febrero de 1914.

"B. Carbajal y Rosas."

(Anexo 32, p. 457.)

174. Respecto à la legalidad de las varias negociaciones y el uso que después se hizo de partes de estos mismos bonos que pertenecían a los £10,000,000, los cuales estaban sujeto a la opción del Internacional Banking Group, el Sr. Luis L. de la Barra dió el siguiente certificado:

"Certifico por el presente que fuí el Agente Financiero del Gobierno de México en Londres en el año

de 1913, bajo la Presidencia del General Huerta, y que en dicha personalidad negocié la emisión del empréstito de 1913, 6%, y que firmé el contrato por dicho empréstito con el Banque de Paris et des Pays Bas y sus asociados.

"El 30 de Mayo de 1913, se promulgó una ley del Congreso de Mexico, creando una emisión de £16,000,000 esterlinas, de 6%, diez años, bonos de oro. Estos bonos se llamaron "Bono del Tesoro del Gobierno Federal de los Estados Unidos Mexicanos, 6%, oro, diez años, 1913."

El texto de este Bono, en ingles y en francés, es como sigue:

Texto en ingles (Traducción):

"Los Estados Unidos Mexicanos reconocen deber al portador de este bono la suma de Pesos mexicanos 1950, ó Francos 5050, ó £200, ó 4090 Marcos del Imperio Alemán, ó 970 Dólares Oro E. U., ó 2420 Florines de los Países Bajos. Esta suma forma parte del Empréstito de Pesos Mexicanos 156,000,000, ó Francos 404,000,000, ó £16,000,000, ó 327,200,000 Marcos del Imperio Alemán ó 77,600,000 Dólares Oro E. U., pudiendo aumentarse hasta £20,000,000, autorizado por la ley del 30 de Mayo de 1913 y que ha sido el objeto de un Contrato celebrado el 8 de Junio de 1913 en Paris con el Banco Nacional de México de México; Banque de Paris et des Pays-Bas, París; Société Générale pour favoriser le développement du Commerce et de l'Industrie en France, París; Comptoir National d'Escompte de París; Banque de l'Union Parisienne, París; Morgan Hayes & Co., París; A. Spitzer & Co., París; S. Bleichroder, Berlin; Deutsche Bank Berlin, Dresdner Bank, Berlin; Morgan Grenfell & Co., Londres; J. P. Morgan & Co., Nueva York; Kuhn Loeb & Co., Nueva York; Contrato que en lo conducente se inserta al respaldo de este Bono. El Tesoro del Gobierno Federal pagará intereses sobre la expresada suma de Pesos mexicanos 1950, ó Francos

5050, ó £200, ó 4090 Marcos del Imperio, Alemán, ó 970 Dólares Oro E. U., ó 2420 Florines de los Países Bajos, á razóm de 6% anual, por senestres vencidos el 1.° de Enero y 1.° de Julio y lo reembolsará el 1.° de Julio 1923 ó por anticipación, con arreglo á los artículos 3.°, 4.° y 7.° del citado Contrato. Todos los pagos tendrán lugar, á elección del portador y en las monedas de curso precitadas en México, Paris, Berlin, Londres y Nueva York; así como en las casas en Bruselas, Ginebra, Amsterdam, Frankfort-s/Main y otras ciudades que designen los Bancos contratantes. El importe del capital que este Bono representa, así como el interés que devengue, estarán siempre exentos de toda clase de contribuciones é impuestos mexicanos existentes ó futuros, cualesquiera que sean, y, están garantizados con la consignación del 38% de las contribuciones sobre la importación y exportación que se recauden en las Aduanas de la República conforme á las condiciones estipuladas en los artículos 5.°, 6.° y 7.° del precitado Contrato."

Texto en francés:

"Les Etats-Unis du Mexique reconnaissent devoir au porteur du présent Bon la somme de $ mex. 975, ou Fr. 2525 ou £100, ou Rmk 2045, ou $ or des Etats-Unis 485, ou Florins des Pays-Bas 1210. Cette somme fait partie de l'emprunt de $ mex. $156,000,000, ou Fr. 404,000,000, ou £16,000,000, ou Rmk. 327,-200,000, ou $ or des Etats-Unis 77,600,000, pouvant etre porté à £20,000,000, autorisé par la loi du 30 mai 1913 et ayant fait l'objet d'un contrat passé le 8 juin 1913 à Paris avec la Banque Nationale du Mexique, de Mexico; la Banque de Paris et des Pays-Bas, Paris; La Société Générale pur favoriser le Développement du Commerce et de l'Industrie en France, Paris; le Comptoir National d'Escompte de Paris, Paris; la Banque de l'Union Parisienne, Paris; MM. Morgan Harjes & Cie., Paris; MM. A. Spitzer & Co., Paris; Monsieur S. Bleichroder, Berlin; la Deutsche Bank;

Berlin; MM. Morgan Grenfell & Co., Londres; MM. J. P. Morgan & Co., New York; MM. Kuhn, Loeb & Co., New York; des extraits du dit contrat se trouvent imprimés au verso du présent titre. Le Trésor du Gouvernement Fédéral paiera les interêts sur la somme précitée de $ mex. 975, ou Fr. 2525, ou £100, ou Rmk. 2045, ou $ or des Etats-Unis 485, ou Fl. des Pays-Bas 1210, au taux de 6% par an, semestriellement, le ler Janvier et le ler Juillet et la remboursera le ler Juillet 1923 ou par anticipation conformément aux articles 3, 4, et 7 du contrat précité. Tous les paiements auront lieu au gré du porteur et dans les monnaies courantes précitées, à Mexico, Paris, Berlin, Londres, New York, de même que chez les Maisons à Bruxelles, Genève, Amsterdam, Francfort-sur-le-Main et dans d'autres villes à désigner par les Banques contractantes. Le montant du capital représenté par ce Bon, aussi bien que l'interêt en provenant, sont exampts à tout jamais de toute taxe et de tout impôt mexicains existants ou à venir, de quelque nature qu'ils soient et sont garantis par l'affectation de 38% des droits d'importation et d'exportation percus par la République dans les conditions prévues aux articles 5, 6 et 7 du susdit contrat.

"En Junio de 1913 el Gobierno Mexicano vendió £6,000,000 de estos bonos a 6% al grupo de banqueros internacionales arriba mencionado. Estas £6,000,000 fueron emitidas al público en Europa y los Estados Unidos, de las cuales £1,450,000 esterlinas fueron ofrecidas en una subscripción pública en Londres de acuerdo con un programa fechado 30 de junio de 1913, a 96%. El Gobierno Mexicano dió una opción a los bancos contratantes sobre las restantes £10,000,000 de dichos bonos. Esta opción venció el primero de julio de 1915.

"Mientras no venció dicha opción el primero de julio de 1915, el Gobierno Mexicano no pudo vender los £10,000,000 de bonos, pero tenía autorización de

hipotecarlos, sujeto a la mencionada opción. Cuando la opción venció el primero de julio de 1915, la emisión entera de £16,000,000 era en todos conceptos identica, y todos y cada uno de los Bonos equivalían *pari passu* y tenían derechos iguales y idénticos.

"Como garantía especial del empréstito, el Gobierno guarantizó 38% de los ingresos totales de los derechos de importacion y exportación de los Estados Unidos Mexicanos, y ademas se proveia lo siguiente:

" 'Si en alguna ocasión los 38% produciere un margin de ménos de 20% sobre la suma necesaria para el servicio del mencionado empréstito, el Gobierno se ha propuesto presentar una ley al Congreso por la cual se aumentaran los derechos con el fin de producir tal margin, y si en algún tiempo ocurriese una baja de dichos derechos, de tal manera que hay que aumentar por un 62% la proporción garantizada para los empréstitos de 1899 y 1910, de acuerdo con las provisions del Contrato de dichos Empréstitos, el Gobierno ha propuesto presentar al Congreso una ley por la cual se aumentaran los Derechos, para asegurar que el 62% sea suficiente para llenar los requisitos de dichos empréstitos.'

"Los bonos son amortizables a la par el primero de julio de 1923, y son redimibles entera o parcialmente el primero de julio de 1916, ó en cualquiera fecha posterior al del pago del interés, previa notificación de tres meses. El interés es pagable el primero de enero y primero de julio a razon de 6% anualmente. El capital é interes son pagaderos en oro y son libres de todo impuesto Mexicano, vigente a que en lo sucesivo se imponga.

"Estos son los hechos mientras estuve encargado de la Agencia Financiera.

"Luego la mayoría de los £10,000,000 de bonos los cuales fueron sujetos a la opción hasta el primero de julio de 1915, como ya se ha explicado, fueron emitidos al Gobierno Mexicano como sigue:

"Por medio de los Sres, Spyer & Co. y la Guaranty Trust Company de Nueva York para hacer el pago de intereses vencidos sobre ciertas obligaciones de los Ferrocarriles Nacionales de Mexico. Esta emisión se hizo a 85%.

"Otra cantidad fué emitida tambien a razon de 85% de su valor nominal y depositada con el Banco Nacional de Mexico, el Banco de Londres y Mexico y el Banco Mexicano de Comercio e Industria, como garantia para un empréstito.

"Una suma adicional de mas de £3,000,000 de dichos Bonos fue emitida para la compra de armamento y otros articulos por parte del Gobierno Mexicano, y sé que con respecto a una porción de los bonos asi emitidos Reuter's Bank Ltd. de Londres hizo una emisión pública de los Certificados Fideicomisarios de los Sres. W. B. Peat & Company, 11 Ironmonger Lane, Londres, E. C., cada bono de £100 siendo garantía para un Certificado de £85. El valor de emisión de estos Certificados fué 82%. Esta emisión se hizo el 19 de mayo de 1914.

"Los bonos que se depositaron como garantía por la emisión fueron entregados de acuerdo con los términos del contrato celebrado por el Gobierno Mexicano en enero y marzo de 1914, y el Agente Financiero del Gobierno Mexicano en Londres, y el Sr. Pedro M. del Paso, publicó una carta en el programa emitido por Reuter's Bank, Ltd. de Londres, que apareció en la Prensa de Londres, en cuya carta manifestó que estaba autorizado por el Ministro de Hacienda de su Gobierno para dar la informacion que dichos contratos habian sido presentados al Congreso de la República Mexicana y aprobados por el mismo, y que dicha ratificación y aprobación se hizo por una ley promulgada por la Cámara de Diputados el 29 de abril de 1914 y por el Senado el 2 de mayo del mismo año.

"En mi opinión cada uno y todos los Bonos del mencionado empréstito de £16,000,000 esterlinas tienen la misma base, en cuanto al capital, los intereses y la guarantía, y cada uno y todos los bonos del empréstito de £16,000,000 tienen igual validez; son en todos conceptos obligaciones irrevocables, legales y obligatorias de la Nación creadas enteramente de acuerdo con las leyes de dicha República, y encurridas por los funcionarios a quienes la Ley confiere todas las facultades necesarias. Como consecuencia de todo esto, los bonos deben ser reconocidos hasta su pago completo, como si llevasen todas las garantías y valores que se han estipulado sobre ellos, no solamente por el Gobierno actual sino tambien por cualquier otro Gobierno que lo remplace de acuerdo con el régimen constitucional de la República Mexicana.

Luis L. de la Barra.

(Anexo 33, p. 457.)

EL RECLAMANTE CUMPLIO PLENAMENTE LA PARTE QUE LE CORRESPONDIA

175. El reclamante cumplió todas y cada una de las obligaciones que le imponía el contrato del 8 de enero de 1914 (Anexo 19, p. 388) y el de 2 de marzo de 1914 (Anexo 21, p. 424) como se estipula y dispone expresamente en el Par. C de la Cláusula 1 del contrato del 2 de marzo de 1914 (Anexo 21, p. 424) que en la parte conducente dice lo siguiente:

"Al entregar dicho John W. de Kay al Gobierno Mexicano el 51% de los Certificados Fideicomisarios de Votación de la Compañia Empacadora Nacional Mexicana Ltda. lo que se hará simultaneamente al firmar los contratos que se celebrarán entre John W. de Kay y el Banco o los Banqueros y los contratistas de materiales de guerra hasta la suma de 35,000,000 francos, el Gobierno admite expresamente de que todas las obligaciones que han sido impuestas al John W. de Kay, de acuerdo con el contrato del 8 de

> enero de 1914, a que se ha hecho referencia, celebrado entre el Gobierno y él, han sido plenamente cumplidas y en cuanto al contrato del 8 de enero, de 1914 a que se ha hecho referencia no ha sido alterado por el presente contrato, dicho contrato del 8 de Enero de 1914, ya citado, queda en vigor y las obligaciones impuestas al Gobierno Mexicano por Arts. 5 y 14 de dicho contrato del 8 de enero 1914 quedan en plena fuerza y vigor." (Anexo 21, p. 424.)

176. El 6 de marzo de 1914, el reclamante en cumplimiento de dicha condición, celebró un convenio con el Banque Cantonale y St. Chamond, incluyendo los bonos que se iban utilizar para el pago de las deudas del Gobierno Mexicano y para llevar a cabo los contratos que existían por armas y municiones para el susodicho Gobierno (Anexo 22, p. 430) y en la misma fecha el reclamante celebró con el Banque Cantonale y con la Cartoucherie Francaise S. A., un contrato que proveia por el pago de las deudas del Gobierno Mexicano bajo los contratos celebrados con las administraciones de los Presidentes Diaz, Madero y Huerta y par el abastecimiento de armas y municiones hasta la cantidad de (los dos contratos) 35,000,000 francos (Anexo 23, p. 437.).

177. Aproximadamente el 4 de marzo 1914, el reclamante entregó al Agente Financiero de Mexico en Londres, los certificados fideicomisarios de votación que representaban 51% de las acciones ordinarias de la Cia. Empacadora Nacional Mexicana, Ltda., los cuales llevaban consigo propiedad de hecho del 51% del activo de aquella compañia. (Anexo 24, p. 445.)

178. Asi, como ya se ha dicho, el reclamante cumplió, con todas sus obligaciones de acuerdo con el contrato del 8 de enero de 1914 (Anexo 19, p. 388) y del 2 de marzo de 1914 (Anexo 21, p. 424) como se estipuló expresamente en el con-

trato del 2 de marzo de 1914, y por lo tanto mereció que el Gobierno Mexicano tambien cumpliera con sus obligaciones.

VIII. El presente reclamante no ha recibido la suma que se estipulaba tenía que ser pagada en dicho contrato del 8 de enero de 1914, enmendado por el contrato del 2 de marzo de 1914, o parte alguna de ella salvo lo que se ha hecho constar en el presente, y nunca ha recibido ninguna suma de dinero ni su equivalente, ni indemnificación de modo alguno por todo o parte de la perdida y perjuicio sobre los cuales se ha fundado esta reclamación, con la excepcion de lo que se ha notado.

Por Tanto, visto que el reclamante entregó al Gobierno Mexicano el 51% de los certificados fideicomisarios de votación de la Cia. Empacadora Nacional Mexicana, Ltda., dicho 51% constituyendo el control de la mencionada Compañia, y dichos certificados llevando consigo la propiedad de hecho del 51% del activo de la Compañia, y como en todos los demas conceptos cumplió con sus obligaciones de acuerdo con el contrato del 8 de enero de 1915 enmendado por el contrato del 2 de marzo de 1914, y como, debido al traspaso de dichos Certificados fideicomisarios de votación el Gobierno Mexicano entró y tomó posesion de los bienes y negocios de la Cia. Empacadora Nacional Mexicana, Ltda., y que desde entonces México ha retenido dichos bienes y negocios, y ha apropriado y utilizado por sus propios fines y para el beneficio del pueblo de México toda la renta derivada de ellos, sin hacer pago alguno, ni repartición de los réditos al reclamante; y como el Gobierno Mexicano ha repudiado los bonos entregados al reclamante en concepto de fianza para el pago del 51% de los certificados fideicomisarios de Votación de la Cia. Empacadora Nacional Mexicana Ltda. y la propiedad de hecho que resultaba en 51% del activo de la Compañia, ni nunca ha hecho pago alguno relativo a ello, con la excepcion del pago ya aludido del interes correspon-

diente al primer semestre, vencido y pagadero sobre los dichos bonos, dicho dinero asi pagado fué prestado por el Sr. de Kay (el reclamante) al Gobierno de Mexico; y como el reclamante no ha recibido suma alguna u otra compensación cualquiera, fuera del pago de intereses arriba mencionado, por la propiedad que vendió y entregó al Gobierno Mexicano,

Por lo Tanto, el Gobierno de los Estados Unidos pide que se le adjudique en nombre del Sr. John W. de Kay, el reclamante, la suma que se ha designado en la Clausula III de este Memorial.

DISTRITO DE COLUMBIA,

Ciudad de Washington, ss:

John W. de Kay, después de haber prestado el debido juramento, depone y declara que es el reclamante mencionado en el Memorial de la reclamación que antecede; que ha leído todas y cada una de las declaraciones hechas en él; que las declaraciones hechas de su propio conocimiento son verdaderas, y las que se hacen por información y creencia las cree ser verdaderas.

JOHN W. DE KAY.

Subscrito y jurado ante mí, hoy, día 3 de junio de 1927.

AMELIA V. ERNST.

Mi comisión expira el 6 de enero de 1929.

Subscrito y sometido con los anexos que lo acompañan para que sea presentado ante la Comisión General de Reclamaciones, Estados Unidos y México.

C. L. BOUVÉ,

Agente de los Estados Unidos.

ANNEX 1

Citizenship of Claimant

STATE OF NEW YORK,
County of Steuben, ss:

WILLIAM AUGUSTUS DE KAY, being duly sworn according to law, deposes and says as follows:

(a) That he is sixty-six years of age and was born near Minneapolis, State of Minnesota, on the 3rd day of May of 1857, of American parents, and is an American citizen by birth; that he resides at present Number 67 W. Main St., in Prattsburg, Steuben County, New York, and at the present time is retired and at the same time of the occurrence of the events in regard to which this affidavit is given, he resided at the home of his parents near New Hampton, Iowa, and was in school;

(b) That he has known John de Kay since the date of his birth as he is his elder brother and was present in the same house at the time the said John de Kay was born and that they lived with their parents together for many years thereafter. He knows as a matter of personal knowledge, and he hereby swears that John de Kay was born on the 20th day of July 1872 on his father's farm near New Hampton, State of Iowa, being his brother and the son of his father and mother, Mr. and Mrs. John de Kay. He knows, therefore, and he hereby swears that the said John de Kay is an American citizen having been born near New Hampton, State of Iowa, in the United States of America, of American parents;

(c) Deponent knows that the said John de Kay is the John de Kay who has filed a claim with the Mixed Claims Commission for damages sustained by reason of the destruction of castle Coucy; and this affidavit is given by the deponent for use by the said claimant John de Kay, in connection with his claim before the Mixed Claims Commission against the Government of Germany for the said

losses so sustained by the destruction of the said castle Coucy at Coucy le Chateau in the Department of the Aisne, France.

(d) That he has no interest, direct, indirect, or contingent in said claim, and that he is not an agent or attorney of the claimant or of any person having an interest in said claim, and that he is not related (otherwise than as brother of John de Kay) to any person having an interest in that claim.

W. A. DE KAY

Sworn to before me this 27th day of October, 1923.

[SEAL.] JAMES FLAHERTY.

Copied:NS

Compared:NS:TAW

The undersigned, Joint Secretaries of the Mixed Claims Commission, United States and Germany, established in pursuance of the agreement between the two Governments signed at Berlin on August 10, 1922, do hereby certify that the foregoing, according to its purport, is a true copy of a record of said Commission.

In Witness Whereof, we have hereunto subscribed our names and affixed the seal of the said Commission at Washington this 12th day of April, 1926.

[SEAL.]

ROBERT E. NEWBY,
American Joint Secretary.

MAX MARTIN,
German Joint Secretary.

STATE OF SOUTH DAKOTA,
County of Lawrence, ss:

Mrs. MARY MULDOON, being duly sworn according to law, deposes and says as follows:

(a) That she is fifty-five years of age and was born at New Hampton, State of Iowa on the 19th day of June, 1867, of American parents, and is an American citizen by birth; that she resides at present at Number 386 William Street, in the City of Deadwood, South Dakota, and at the present time is the wife of James Muldoon, and at the time of the occurence

of the events in regard to which the affidavit is given she resided in the home of her parents near New Hampton, Iowa, United States of America;

(b) That she has known John de Kay since the date of his birth as she is his elder sister and was present in the same house at the time the said John de Kay was born and that he and she lived together with their parents until said John de Kay was about eighteen years of age, when she married and left home. She knows as a matter of personal knowledge, and she hereby swears that John de Kay was born on the 20th day of July, 1872, on his father's farm near New Hampton, State of Iowa, being her brother and the son of her father and mother, Mr. and Mrs. John de Kay. She knows, therefore, and she hereby swears that the said John de Kay is an American citizen having been born near New Hampton, State of Iowa in the United States of America, of American parents;

(c) Deponent knows that the said John de Kay is the John de Kay who filed a claim with the Mixed Claims Commission for damages sustained by reason of the destruction of castle Coucy; and this affidavit is given by the deponent for use by the said claimant John de Kay, in connection with his claim before the Mixed Claims Commission against the Government of Germany for the said losses sustained by the destruction of the said castle Coucy at Coucy le Chateau department of the Aisne, France;

(d) That she has no interest, direct, indirect, or contingent in said claim, and that she is not an agent or attorney of the claimant or of any person having an interest in said claim, and that she is not related (otherwise than as sister of John de Kay) to any person having an interest in that claim.

MARY MULDOON.

Sworn to before me this 31st day of October 1923.

[SEAL] JOHN R. JONES,

Notary Public in and for the State of South Dakota,
United States of America.

The undersigned, Joint Secretaries of the Mixed Claims Commission, United States and Germany, established in

pursuance of the agreement between the two Governments signed at Berlin on August 10, 1922, do hereby certify that the foregoing, according to its purport, is a true copy of a record of said Commission.

In Witness Whereof, we have hereunto subscribed our names and affixed the seal of the said Commission at Washington this 12th day of April, 1926.

[SEAL.]

ROBERT E. NEWBY,
American Joint Secretary.
MAX MARTIN,
German Joint Secretary.

STATE OF NEW YORK,
County of New York, ss:

I, Charles de Kay, a citizen of the United States of America, born at Washington, D. C. on the 25th day of July, 1848, on oath declare:

(1) That my great-great-grandfather, Colonel Thomas de Kay was born in New York Province, British Colony in America, in the year 1698, that my great-grandfather, Major George de Kay was born in the same British province of America at the city of New York in the year 1708, that my grandfather, Capt. George de Kay, was born at Wawayanda, Orange County, N. Y., in the year 1750, and that my father, Commodore George C. de Kay, was born in the United States of America at New York City in the year 1802.

(2) That for twenty-five years I have known John de Kay and know that he was born near New Hampton, Iowa, on July 20th, 1872; that I personally knew the father of John de Kay whose name was also John de Kay, and that he was born in Sullivan County, New York, United States of America, on 4th March, 1832; that the father of John de Kay, Senior, was Richard de Kay, and that he was born in Sullivan County, State of New York, U. S. A., in 1790, and that the father of Richard de Kay was Michael de Kay, 4th son of Col. Thomas de Kay, and that Michael de Kay was born at Wawayanda, Orange County, New York, in 1730, that the father of Michael de Kay was Colonel Thomas de Kay, as aforesaid, and that Colonel Thomas de Kay was born in the British province of New York in 1698.

(3) I know that the John de Kay, above referred to, born near New Hampton, Iowa, July 20, 1872, is the John de Kay who has filed a claim with the Mixed Claims Commission for damages sustained by reason of the destruction of his house, Castle Coucy at Chateau-le Coucy, department of the Aisne, France; and this affidavit is given by the deponent for use by the said claimant, John de Kay, in connection with his claim before the Mixed Claims Commission against the Government of Germany for the said losses sustained by the destruction of the said Castle.

(4) That I have no interest direct, indirect or contingent in said claim and that I am not an agent or attorney of the claimant or of any person having an interest in said claim and that I am not related to any person having an interest in that claim, other than as a descendant of Colonel Thomas de Kay above referred to.

CHARLES DE KAY.

Sworn to before me this Fifteenth day of November, 1923.

[SEAL.] J. STEWART WATSON,
Notary Public.

Notary Public, Bronx County, No. 15.
Bronx County Register's No. 142.
Certificate filed in New York County No. 146.
New York County Register's No. 4163.
Term expires March 30, 1924.

The undersigned, Joint Secretaries of the Mixed Claims Commission, United States and Germany, established in pursuance of the agreement between the two Governments signed at Berlin on August 10, 1922, do hereby certify that the foregoing, according to its purport, is a true copy of a record of said Commission.

In Witness Whereof, we have hereunto subscribed our names and affixed the seal of the said Commission at Washington this 12th day of April, 1926.

[SEAL.] ROBERT E. NEWBY,
American Joint Secretary.
MAX MARTIN,
German Joint Secretary.

I, JOHN W. DE KAY, hereby declare on oath:

(1) I am the same person who is referred to in the affidavits of Charles de Kay, dated 15th day of November, 1923, William Augustus de Kay, dated 27th October, 1923, and Mrs. Mary Muldoon dated 31st October, 1923, all of such affidavits being on file with the Mixed Claims Commission, United States and Germany.

(2) I was born 20th July, 1872, near New Hampton, Iowa, U. S. A. and was christened and baptised John Wesley de Kay. I signed John W. de Kay; using only the initial of my middle name.

(3) For the past four or five years I have not used the middle name or initial but have signed John de Kay.

(4) I am the same person who made the contracts of 8th and 10th January and 2nd March, 1914, with the Government of Mexico, using the initial of my middle name and signing John W. de Kay.

JOHN DE KAY.

Subscribed and sworn to this 1st day of June, 1927.

[Notarial Seal] EDNA W. SCHALLER,
Notary Public.

STATE OF NEW YORK
County of Suffolk, ss:

I, CHARLES DE KAY, a citizen of the United States of America, born at Washington, D. C., on the 25th day of July, 1848, on oath declare:

(1) On 15th November, 1923, I made an affidavit to be filed with the Mixed Claims Commission, United States and Germany, declaring that John de Kay, born near New Hampton, Iowa, 20th July, 1872, is the John de Kay who had filed a claim with said Mixed Claims Commission.

(2) That I was associated with said John de Kay, as a director in the Mexican National Packing Company operating in Mexico and that I know that he, at that time, used the initial of his middle name (Wesley) signing, John W. de

Kay, but that John W. de Kay and John de Kay are one and the same person.

CHARLES DE KAY.

Subscribed and sworn to before me this 26th day of May, 1927.

[SEAL.] JOHN J. BOYLE,
Notary Public.

ANNEX 2

Affidavit of John W. de Kay

I hereby declare as follows:

(1) I was born near New Hampton, Iowa, 20th July, 1872, and that all my paternal ancestors since Jacobus de Kay, who was the first treasurer of the Dutch Colonies in America in 1641, have been born in the United States.

(2) That early in Nineteen Hundred I went to Mexico, and after a trip to the Pacific Coast had my first meeting with President Diaz. I told him I had been identified with the livestock industry as the owner of ranches and live stock newspapers in the United States, and that I desired to study the live stock industry of Mexico with a view to ascertaining if there was a field for the establishment of the meat packing industry based upon the general lines of that industry in the United States. We had several meetings on the subject and President Diaz then gave me letters commending me to the Governors in several of the States in Mexico, and I began an investigation which resulted in my visiting every State in Mexico in an investigation which occupied the greater part of a year and a half.

(3) I thereafter proposed to President Diaz a plan for the development of the meat business in Mexico with its attendant benefit to the live stock industry and particularly for the improvement of the meat supply for the people of Mexico. This meat was produced in the City of Mexico and everywhere else through the Republic under conditions of uncleanliness and brutality not found in any other country I have visited.

(4) At the suggestion of President Diaz and upon his introduction I entered into discussions with Dr. Liceaga, President of the Superior Board of Health of Mexico, and one of the most distinguished physicians in that country. He informed me of the difficulties involved in securing a safe meat supply in Mexico owing to the very deficient inspection and to the clandestine slaughter of animals outside of Mexico City, and of the shocking and unsanitary conditions of the slaughtering in Mexico City. He informed me that at that time there were more deaths in the City of Mexico per thousand of the population from bad meat than occurred per thousand of the population from all causes in New York and Chicago, including old age.

(5) My negotiations with President Diaz continued until we arrived at an agreement as to the basis upon which a Federal Concession would be granted to me or to my nominee for the establishment of this business, and as a result in April 1903 my lawyer, the distinguished Luis Mendez, the leader of the Mexican bar, and author of the Mexican Civil Code, signed with the Department of Fomento of the Mexican Government, the first Federal Concession. A copy of this Concession is among the documents of Concessions attached to the Memorial.

(6) Concessions were also granted by the Government of the State of Michoacan for the construction and operation of a packing house, cold storage, ice plant, by-product factory, installation of water power, etc., in that State.

(7) I had already formed The North American Beef Company and, in 1903, immediately after the concession was secured, I began the construction of the first plant in Michoacan. Subsequently I formed the United States Packing Company under the laws of New Jersey and this Company acquired the property and concessions of The North American Beef Company.

The commencement and a considerable work on the construction of the plant at Michoacan was carried on with my own personal funds, and the first issue of 6 per cent, 20-year gold bonds of $600,000 was purchased and paid for by me

and with the funds of some of my friends, and all of the money derived therefrom was invested in the business, as is shown by the books of the Company.

(8) During the progress of the construction of the first plant in 1906 I sold in England $1,300,000 par value of the bonds of the UNITED STATES PACKING COMPANY. At the request of the London Bankers the name of the Company was changed to MEXICAN NATIONAL PACKING COMPANY, and the first public issue of its 5% bonds to the amount of $1,300,000 American dollars was made to the public at par in London in January 1907.

(9) Upon the making of this issue to the British public I received cables of congratulations from President Diaz and Finance Minister Limantour, because this issue of 5% bonds was the first (and it proved to be the last) issue ever made of a Mexican Industrial 5% Bond at par and its effect upon the Mexican credit as a whole was the occasion for the cables from President Diaz and Finance Minister Limantour.

Subsequently, from time to time, the Mexican National Packing Company and the Packing Company Limited issued in London at prices from 85% to par $8,000,000 American gold securities and invested the whole of the proceeds thereof in the business as the books of the Company will show.

During this time there acted as London solicitors of the Company in the passing of the prospectuses, Sir L. Worthington Evans, subsequently Postmaster General of England and in 1927 Minister of War of England, and Messrs. Linklater and Co., both distinguished London solicitors. I understood at the time that these solicitors took counsel's opinion of Rufus Isaacs, Barrister, who subsequently became Lord Chancellor of England, Lord Reading, and later Viceroy of India. The bankers to the 1907 issue were Messrs. Martin's Bank, Ltd., of London.

The lawyers for the Company were, in New York, Samuel Untermyer; in Mexico Joaquin D. Casasus, Luis Mendez and Francisco Alfaro; and in London Messrs. Slaughter and May. The English Counsel was a Barrister, Sir Douglas Hogg, who in 1927 was Attorney General of England.

The bankers to the Company and to the issues were Messrs. Glyn, Mills, Currie and Co., who had been for about forty years the bankers to the Mexican Government in London.

I refer to the copy of the prospectus of the Mexico National Packing Company, attached to the Memorial, to show the distinguished men who were associated with me as directors of the Packing Company. Among these directors were Sebastian Camacho, President of the National Bank of Mexico; George I. Ham, President of the United States Banking Company; and General Fernando Gonzalez, Governor of the State of Mexico, all three being underwriters of large amounts of the securities of the Mexican National Packing Company, the amounts for each one were about $250,000 United States gold.

(10) On 8th January 1908, the great packing house was inaugurated at Uruapan, State of Michoacan. It was generally conceded by experts to be the most modern and best equipped packing house in the world.

(11) It was inaugurated by Vice President Corral in the name and on behalf of President Diaz, and probably there has never been assembled a more distinguished group of Mexicans at the inauguration of any enterprise, than those who took part in the inauguration of the packing house at Uruapan. Attached to the Memorial are photographs and some of the characteristic speeches made on this occasion, not only by some of the distinguished Mexicans but by well-known representatives of financial interests in London and New York.

(12) The Company owned a hundred refrigerated cars, built to its own specifications in England and acknowledged to be the best built and finest refrigerator cars in the World. They cost more than three times the price at which the ordinary refrigerator cars sold in the United States.

(13) At the time of the inauguration of the PACKING PLANT at Uruapan there were being slaughtered under primitive and most unsanitary conditions in the City of Mexico an average of about 300 cattle, 275 sheep and 250 pigs daily. This meat was distributed to the consumers in the City of Mexico through hundreds of retail shops.

Beginning with the arrival of the first special trains of the refrigerated meat which had ever been sold in Mexico and which came from the MEXICAN NATIONAL PACKING COMPANY'S plant at Uruapan, the demand for this product was so great that a considerable time elapsed before the National Railways of Mexico were able to place at the disposal of the MEXICAN NATIONAL PACKING COMPANY a sufficient number of locomotives and cattle cars to meet the requirements of the Company in transporting the livestock to Uruapan, and the locomotives necessary to move the Company's special trains of refrigerated meat to Mexico City.

These meat shipments were frequently for days on end as much as three special trains of refrigerated beef, pork, and mutton, daily.

The cold storage branch at Rancho del Chopo in the City of Mexico was inaugurated by President Diaz in person, assisted by nearly all the members of his cabinet and a distinguished company of other Mexicans. The distribution of the Company's meat was made through automobile delivery vans which had been constructed to the specifications and order of the Mexican National Packing Company in England. They were regarded everywhere as the highest type of delivery vans,—dust and air proof, and very substantially insulated.

(14) An idea as to the construction of the Company's packing house at Uruapan and of its branch cold store at Rancho del Chopo in the City of Mexico, may be gained from the fact that the insurance carried on this plant was written by the most important British Insurance Companies at a lower rate than was enjoyed by any other packing company in the World.

(15) From the time of the arrival of the first consignment of beef, pork and sheep products from the MEXICAN NATIONAL PACKING COMPANY'S plant at Uruapan the number of animals slaughtered at the Rastro in the City of Mexico correspondingly decreased until within four months it had fallen off as much as 85%, which meant that in a further few months the meat from the Company's plant at Uruapan would entirely supersede the meat from the Rastro.

On 20th February 1908 The Daily Record in Mexico City published the following news item:

BUTCHER'S CLAMOR FOR TRAIN-LOAD OF MEAT

"The first trainloads of meat ever moved in the republic are now being shipped from the Mexican National Packing Company's big modern plant at Uruapan to its cold storage depot at Rancho del Chopo in Mexico City. A trainload of beef and hogs arrived early this morning and was at once switched out to the company's cold storage at Rancho del Chopo. The company's cooler superintendent with a squad of the "white brigade" men were ready to receive the meat and, as the sun rose, the white coated band were busy running in the quarters of beef on the specially constructed switch rails from the cars to the cooler.

"The meat arrived in excellent condition, proving conclusively that the Company is able to prepare the meat at its modern packing plant at Uruapan and deliver it to their customers in Mexico City in perfect condition.

"Despite the early hour many of the retail butchers were waiting in the half light of the early morning for the arrival of the meat.

"By 8 a. m. a brisk business was in progress, and all the important retail butchers had already bought or were buying Popo meat.

"Many of the butchers who had looked forward to having the meat in their shops today were disappointed, as those who arrived after 10 O'clock in the morning found all the meat sold.

"The Mexican National Packing company has now made arrangements for regular shipments to arrive from Uruapan and in order to meet the demand and save their customers from disappointment the company has had to telegraph for larger supplies than originally planned.

> "A sample trainload of Popo refrigerated meat was sold in Mexico City last week and without exception every butcher had reported that his customers are delighted with the flavor and quality of the Popo products while the fact that the meat is prepared under the most modern and sanitary conditions and properly refrigerated at Uruapan, in the company's private refrigerator cars and at the cold storage plant in this city is proving a great attraction to that section of the public who are anxious to obtain the most healthful food products. The first class retail butchers in this city are fully alive to this important fact and this is undoubtedly one of the chief reasons for the splendid reception which the products of the Mexican National Packing company has met with in the City of Mexico."

All the meat produced and sold by the Company was subject to the most rigid inspection, in which the Company in every way cooperated for the protection of the health of the consumers, who, before the advent of the Mexican National Packing Company's operations in Mexico, had been notoriously imposed upon by those who conducted the slaughter of animals and the sale of meats in Mexico.

(16) The products of the MEXICAN NATIONAL PACKING COMPANY were so well received in London that it became apparent that a considerable part of the output of its packing house at Uruapan could be regularly shipped to London, where there was an almost unlimited market and a ready sale at profitable prices. The meat from the Argentine was of necessity frozen, owing to the great distance and length of time required to reach the London market, while the meat from Mexico was refrigerated and entered into competition with only the high price American refrigerated beef which cost, quality for quality, about double the cost of Mexican refrigerated beef then delivered in the Smithfield Market in London.

(17) So great was the benefit to the public health resulting from the operation of the PACKING COMPANY'S business

in selling pure meats to the people that President Diaz in his message to Congress in April 1908, took occasion to refer to the Packing Company in the following terms:

> "Among the various concessions that have been granted for the establishment of new industries in this country I must make special mention of that of the MEXICAN NATIONAL PACKING COMPANY, which has completed at Uruapan, Michoacan, and at Rancho del Chopo, Federal District, a system of packing house, refrigerators and factories for by-products, constituting a plant which was officially accepted in December last as satisfying the requirements of the concession. OPERATIONS WERE STARTED IN JANUARY LAST WITH BENEFICIAL RESULTS TO THE PUBLIC HEALTH."

(18) The Rastro undertaking belonged to a company called La Internacional, S. A., the whole of whose shares were owned by Enrique Creel, Joaquin D. Casasus, Alberto Tarrazas and other distinguished Mexicans among whom was reported to be Jose Y. Limantour, Minister of Finance. One of the results of the destruction of the business of the Rastro in the City of Mexico through the success of the operations of the MEXICAN NATIONAL PACKING COMPANY'S business was, that Finance Minister Limantour issued an order to prevent the sale of the meat of the Packing Company in the City of Mexico by alleging that it had not paid the Mexico City tax, and that its sale was in consequence unlawful. The effect of this order of Limantour was to frighten the butchers in the City of Mexico and prevent them purchasing the meat of the PACKING COMPANY.

I immediately appealed to President Diaz and told him, under the authority of Luis Mendez, that the Company was not under obligation to pay the tax because they were Federal taxes, and the Company was exempt from all Federal taxes, under the concession of 1903, except the Federal Stamp Tax, which was only a tax on invoices, documents, etc., and a nominal tax at that. I informed President Diaz that unless the order of Finance Minister Limantour

was abrogated I should close down our business, put the American flag over our plants and properties and hand the keys to the American Ambassador. Realizing the gravity of this position as affecting the Mexican meat supply and the credit of Mexico in Europe, President Diaz required Limantour to cancel the order, but (speaking from memory) in spite of the order we had to deposit $50,000 in the National Bank of Mexico as a guarantee pending a final disposition of the affair, and again speaking from memory I believe that this deposit was returned to us.

President Diaz thereupon called a conference between Finance Minister Limantour, Vice President Corral, Lic. Luis Mendez and myself to meet him at the Palace. President Diaz asked Luis Mendez whether according to Mexican law my Company was in the right or in the wrong, and upon being informed categorically by Luis Mendez that the Mexican National Packing Company was in the right and Senor Limantour in the wrong, President Diaz instructed Senor Limantour to enter into negotiations with me for the settlement of this question, and in that meeting asked me if I would not consider as a part of the settlement the purchase of the business of the Rastro Company, to which I assented.

The order above referred to was issued only about a week after the Mexican National Packing Company had begun the sale of its refrigerated meat in the City of Mexico. The result of the negotiations which followed this attack upon the business of the packing company by Limantour, demonstrated that the contention of Limantour was wrong. It was obviously made so to interfere with the business of the Packing Company that it would be willing to come to terms which would be profitable to the friends of Mr. Limantour, who owned the Rastro, and in which I am informed and believe Minister Limantour had a personal interest.

(19) After prolonged negotiations conducted by me with the Mexican Government and with Messrs. Terrazas, Creel, etc., I agreed to purchase for the Mexican National Packing Company the whole of the capital stock of La Internacional S. A. At the time of this purchase by me the only

roperty owned by La Internacional S. A. was the concession giving that Company the right to conduct the Rastro as the exclusive slaughtering establishment in Mexico City.

(20) As a recognition of the great service which the MEXICAN NATIONAL PACKING COMPANY had rendered in the production and distribution of clean refrigerated meat with its corresponding benefit to the public health, the Mexican Government granted in October, 1908, to La Internacional (the whole of the share capital of which was owned by the MEXICAN NATIONAL PACKING COMPANY) important privileges with respect to the taxes which that Company would be obliged to pay on the animals slaughtered in Mexico City. The Mexican Government by such concession imposed upon itself the reduction by one-half of the theretofore existing taxation on the slaughtering at the Rastro and bound itself that, so far as the Rastro Company was concerned, the Government would not increase these taxes during the life of the concession. On the basis of the consumption of meat in the City of Mexico at that time this tax reduction amounted to about $250,000 American gold per year.

(21) The amount paid for the capital stock of La Internacional S. A., was $1,250,000 United States currency in cash.

(22) In addition to this the Mexican National Packing Company paid to the Mexican Government in cash the amount specified in the concession of 1908.

(23) The purchase of the shares of La Internacional S. A. and the granting of a new concession to La Internacional S. A., and an extension for thirteen (13) years of the Federal concession of 1903 which was expiring in 1913 and which belonged to the MEXICAN NATIONAL PACKING COMPANY was all in pursuance with the arrangements entered into by me with President Diaz, Finance Minister Limantour and Vice President Corral.

(24) The Mexican National Packing Company did not proceed with the erection of a packing house at Vera Cruz because after the purchase of the Rastro undertaking and the additions made to this plant the Company was able to prepare at Uruapan and in Mexico City, the meat required

locally, as well as that destined for export to Europe, and it was in consequence unnecessary to proceed with the erection of the plant in Vera Cruz.

(25) In February 1909 the Mexican National Packing Company entered into an agreement with Messrs. Lipton, Limited, London, which provided among other things that the PACKING COMPANY should be the sole agent for Lipton, Limited, in Mexico, and that Lipton, Limited, were the sole general sales agents of all of the products of the PACKING COMPANY exported from Mexico other than hides. This arrangement resulted in the placing of the meat products of the MEXICAN NATIONAL PACKING COMPANY in several hundred retail shops in London, and elsewhere in England.

Under this arrangement Mr. John Cantsfield, the General Manager of Lipton, Limited, became the technical advisor of the Board of the PACKING COMPANY and a great many of the managers of branches and shops of Lipton, Limited, were engaged by the Mexican National Packing Company and sent to Mexico and installed in various positions of responsibility in the business of the MEXICAN NATIONAL PACKING COMPANY in Mexico.

In April, 1909, the Mexican National Packing Company made an issue to the British public of 500,000 pounds sterling (2,500,000 United States dollars), 6 per cent Rastro debentures at par. The proceeds of these debentures were applied, as the books of the Company will show, to pay for the shares of La Internacional S. A., and to pay the Mexican Government for additional land purchased from the Mexican Government, for additions to plant and equipment, and for the general purposes of the Company. The prospectus of this issue, a copy of which is attached to the Memorial, will show that the legal advisors of the Mexican National Packing Company at that time were: In Mexico City; Luis Mendez, Joaquin D. Casasus, and Francisco Alfaro; in New York, Messrs. Guggenheimer, Untermyer and Marshall; and in London, Messrs. Linklater and Co., and Messrs. Slaughter & May. I understand that counsel's opinion was taken of Sir Douglas Hogg and Sir Charles Russell.

(26) Attached to the Memorial is the first page of the Mexican Herald, published in the City of Mexico on 7th October, 1909, being a cartoon representing myself as handing a boatload of "popo" meats to Sir Thomas Lipton together with the comments of the Mexican Herald thereon.

(27) Although I do not consider that it is in any way material to the rendering of a decision upon my claim against Mexico, I desire to state something as to my personal position in connection with the facts and development of the business in Mexico:

(a) That from the beginning until the end I did not receive a salary from said Company, although I devoted fourteen years exclusively to its formation and development.

(b) That I never made directly or indirectly a penny from the underwriting, sale, or other disposal of any of the securities of the Company, except as a joint underwriter with other financiers of the securities of the Company.

(c) That only when I was abroad on the Company's business were my expenses paid and that these expenses were always authorized by the Board of Directors and the accounts were examined and approved by them in detail.

(d) That the confirmation of these and all other of my statements is contained in the books and files of the Company which show the capital invested and under what headings it was applied; the volume of business transacted, the earnings and all else that is material in the history of the business, and which show, among other things that all the earnings of the Company, beyond the interest on its bonds, were left in the business.

(e) That in presenting my case I am obliged to labor under the disadvantage of not having access to the books and records of the Company because these are in the possession of the Mexican Government, having been delivered to it in 1914 when Mexico took over the control of the PACKING COMPANY and entered into possession of its property, assets and undertaking in general.

(f) That if there is any question raised as to any point in my statement I suggest that the Mexican Government pro-

duce all the books, records, documents and files of the PACKING COMPANY.

(28) It will be observed that under the terms of the new concession above referred to the Mexican National Packing Company became the owner not only of the buildings of the Rastro Company, but of about 106,000 square meters of land in the City of Mexico which had a very considerable value.

(29) At an expenditure of great sums of money the MEXICAN NATIONAL PACKING COMPANY converted the Rastro in the City of Mexico into a modern packing house and installed a large factory for the manufacture of tin cans and packing boxes. From that time the output of the packing house in the City of Mexico and the one at Uruapan was sold in Mexico and exported to Europe.

(30) At the request of President Diaz I cooperated with the Superior Board of Health of Mexico in drafting regulations for the inspection and sanitary control of the Mexican meat industry, and these regulations have been conceded to be a model for such control.

(31) THE MEXICAN NATIONAL PACKING COMPANY established a large cold storage warehouse and ice-making plant at San Luis Potosi in northern Mexico from which to distribute its refrigerated meat products in that part of the Republic.

(32) It also established throughout the Federal District of Mexico retail markets at which it sold its meat products to scores of thousands of consumers under sanitary conditions superior to any which prevailed in any other country in the World and which had been unheard of in Mexico, and at prices which brought pure and wholesome meat within the purchasing power of consumers who had theretofore only consumed the offal which was unfit for human consumption, or other meat almost equally unfit. The markets established by my Company were equipped with great glass-enclosed refrigerated chambers and the meat was not exposed in any way. These shops were inspected by President Diaz and regularly patronized by the best families in Mexico who,

contrary to all Mexican custom, came to the shops as well as did the poor people.

(33) The daily press in London devoted a considerable space to the importance of the development of the PACKING COMPANY. The Financier and Bullionist, the leading financial newspaper in London published in its issue of January 9, 1909, the following as the leading editorial:

"MEXICAN PACKING

"The Mexican National Packing Company has made impressive progress since it started operations ten months ago, but it is now on the eve of still greater expansion. Its enlarged opportunities have only been limited by its capital resources, but with 5,000,000 dollars gold available the fruits of enterprise, good fortune and encouragement by the Mexican Government and people must soon be apparent. The company's power to issue gold bonds up to a total of 10,000,000 dollars has not been exercised beyond half that amount hitherto, and the issue of the second moiety must, in accordance with the trust deed, receive the assent of the present bondholders. The report of Thursday's meeting shows that they heartily approve of the company's right being fully exercised—that they are not only well content with what has been done so far, but positively enthusiastic concerning the company's prospects in the near future. The readiness of those most immediately concerned to sanction the creation of capital equalling their own and ranking *pari passu* with it as a Six per Cent. investment is the best possible evidence of assured prosperity for all concerned. No doubt the meeting was greatly influenced by the able and inspiring narration of progress, achievements and projects by the president, Mr. John W. de Kay, but the representative bondholders who supported him as spokesmen were obviously well informed and greatly confident.

"Their confidence is apparently well justified, for already, by the absorption of the one big competitor

in Mexico City, the Mexican National Packing Company has obtained a practical monopoly in the Federal capital, with nearly 18 years to run. It has also secured firm contracts of equal duration to supply the Mexican Army and public institutions; its original concessions have been extended; and it has gained special immunities from taxation. Hitherto the efforts of the company have been mainly concentrated on supplying the capital city, which has a population of between 400,000 and 500,000 inhabitants, but now that the Rastro Company's undertaking—whence half the meat supply of Mexico City was derived—has been acquired for the Mexican National Packing Company, the latter reasonably aspires to supply the needs of the Republic as a whole. The demand is existent, and even clamorous, but five such splendidly equipped packing-houses as the company owns at Uruapan would be needed to supply the assured domestic requirement. Thus the new bond capital will be applied to completing the amalgamation of the Rastro Company's business with the present undertaking of the Mexican National Packing Company, to extend the latter company's branch cold stores and shops to the principal cities and towns of the Republic, and to build packing-houses in the States of Vera Cruz and Nuevo Leon, for which important Federal and State concessions have been obtained. Apart from the large local supply in Mexico City acquired from the Rastro Company, the Mexican National Packing Company will also have the benefit of the former's right to import tin and all other requisites for the manufacture of tin cans and packing cases free of duty, and will take over the machinery which the Rastro Company had been installing with that object. The Mexican National Packing Company itself will shortly have a modern plant, capable of tinning 700 beeves weekly, installed at Uruapan. Thus, said Mr. deKay at the bondholders' meeting, 'we will be able to produce tinned meats for the

markets of the world at a lower price than the same quality of tinned meats can be produced anywhere else, and these meats will be of as high a quality as the product of any other nation.' It is obvious, therefore, that the company has not only a splendid domestic market in the capital and the States of Mexico, but that it is bound to be an exporter on a large scale and a factor to be reckoned with in the world's food supply."

(34) The Directors of the MEXICAN NATIONAL PACKING COMPANY in 1908 bear witness to the standing of the Company and of the importance of its business. These were:

John W. de Kay, President of the Company,

Sebastian Camacho, President of the National Bank of Mexico, President of the Federal Senate, and Vice President of the Company,

General Fernando Gonzalez, Governor of the State of Mexico,

Julio M. Limantour, Director of the National Bank and brother of Finance Minister Limantour,

George I. Ham, President, United States Banking Company, Mexico City,

Luis Mendez, President, Mexican Government Railway Commission,

Francisco Alfaro, Member of Congress, Mexico City,

Carlos de Landa y Escandon, brother of William de Landa y Escandon, who was Governor of the Federal District,

J. F. Uruarte, Mexican Senator and personal nominee on the Board of Vice President Ramon Corral,

H. P. Chesley, General Manager of the Company and former Vice President of the National Livestock Bank of East St. Louis, and General Manager of the St. Louis Stockyards Co.

(35) During the years under review the MEXICAN NATIONAL PACKING COMPANY extended its business to various parts of Mexico and exported its products to Europe, sending large and regular shipments of refrigerated beef to London. It assisted in the development of the livestock

industry of Mexico by furnishing to the livestock growers an assured, fair, and constant market for all their livestock, and by advancing money to livestock growers throughout the Republic so enabling them to carry their livestock and extend and develop the livestock industry in various parts of the Republic.

(36) The Directors of the Company remained the same through the years that followed until the formation of the new PACKING COMPANY, with the exception of Julio M. Limantour who had died in 1908.

(37) In 1909 President Diaz discussed with me on various occasions a plan of the Mexican Government to purchase the control of the MEXICAN NATIONAL PACKING COMPANY and to conduct and extend its service as a national meat institution to all parts of the Republic. President Diaz became aware of the great possibilities of the business, as a national undertaking, and he realized that the demand for credit facilities by the livestock growers was such that no private institution, even including the banks of Mexico, could extend the facilities upon the scale required by the livestock industry of the Republic.

(38) It was partly due to the lack of credit facilities and of a local market that great quantities of Mexican cattle to the number of several hundred thousand were shipped every year from the Northern and North Central Mexican states to the United States of America, where they were kept for various lengths of time and sent to the American packing houses, thus depriving Mexico of the advantages amounting to many millions of dollars a year, which would have accrued to Mexico if the Mexican livestock had been matured in Mexico, where there was every facility and where the packing houses owned by the MEXICAN NATIONAL PACKING COMPANY offered an opportunity for dealing with these cattle and exporting the products to England and elsewhere.

(39) The figures of exportation of cattle indicate the great scope which lay before the meat packing industry of Mexico, and in my discussions with President Diaz in 1909 it was the view of the President that if the control of the

Packing Company had been in the hands of the Mexican Government and the Mexican Treasury had facilitated the extension of credit to the cattle men which it properly could and would have done under the system of control which it would have been easy for it to establish as the owner of the control of the PACKING COMPANY, this exportation of livestock would not have taken place.

(40) At the suggestion of President Diaz I discussed with him upon more than one occasion a plan for the Mexican Government to acquire the control of the MEXICAN NATIONAL PACKING COMPANY, abolish the whole of the retail meat markets of Mexico City, convert a part of the established central public markets into retail meat markets from which could be supplied the whole of the meat consumed in the City of Mexico. At the request of President Diaz I submitted to him a plan for the carrying through of this project, and it was agreed to by him in principle. It involved the guarantee by the Mexican Government of the outstanding bonds of the PACKING COMPANY, and the purchase by the Government of the controlling ordinary stock of the COMPANY, and was in consequence in all respects a transaction similar to the one which Mexico had made in acquiring the control of the National Railways of Mexico, and which Mexico subsequently made when it acquired the control of the MEXICAN NATIONAL PACKING COMPANY, LIMITED.

(41) These negotiations were not completed under the Government of President Diaz because of the personal demands of powerful Mexican officials including Vice President Corral, who together exercised so great an influence and possessed so many facilities to postpone and prevent action by the Mexican Government, that nothing important howsoever beneficial to the public generally could succeed without their support.

(42) The business of the Company was, in 1911, on petition of the stock-holders and bond-holders, sold and transferred to the MEXICAN NATIONAL PACKING COMPANY LIMITED of Maine which had been organized by them to carry on the development of their business.

(43) $2,900,000 First and Special Mortgage 6% Gold Bonds of the MEXICAN NATIONAL PACKING COMPANY LIMITED of Maine were sold in London in 1913 to net the PACKING COMPANY 85% of par.

(44) There is attached to the Memorial a copy of a prospectus of the MEXICAN NATIONAL PACKING COMPANY LIMITED dated 9th January 1913 under which the public issue of the above bonds was made in London. In this prospectus there is a valuation with respect only to the land, buildings, and machinery owned by the Company and delivered to Mexico. The valuation does not include any value for the concession nor was it an appraisal of the enterprise as a whole. Senor Perezcano was not employed by the PACKING COMPANY to make this valuation, and his low valuation, which runs from one-fourth to one-third of the actual cost of the properties, was made in the interest of prospective British purchasers who had employed him and who had been negotiating to purchase the undertaking of the PACKING COMPANY for a British group.

(45) The capitalization of the MEXICAN NATIONAL PACKING COMPANY LIMITED of Maine was as follows:

Ordinary Shares	$3, 750, 000	American Gold
6% Participating Preferred Shares	9, 000, 000	" "
6% First Mortgage 20-Year Gold Bonds	3, 000, 000	
6% Second Mortgage 20-Year Gold Bonds	1, 500, 000	

(46) $2,900,000 of the First Mortgage 6% bonds of the NATIONAL PACKING COMPANY LIMITED above referred to were sold in London and netted the PACKING COMPANY 85% of par, mentioned in paragraph (43) hereof.

(47) The whole of the proceeds of the bonds and of the earnings of the Company, beyond the amount required for the interest charges, were invested in plant, equipment, and the development of the business. These figures are shown by the books of the Company.

(48) In February 1913 General Huerta became Constitutional President of Mexico, and I entered into discussions with the Financial Agent of the Mexican Government in London, Mr. Luis L. de la Barra, with a view to reopening with the Mexican Government, the negotiations

of 1909 for the sale to Mexico of the control of the Mexican National Packing Company Limited.

(49) Mr. de la Barra entered into cable communication with his Government and in June 1913 informed me that in principle the Mexican Government was willing to complete the arrangement for the purchasing of the control of the Mexican National Packing Company Limited and that he was instructed by the Mexican Government to extend to me an invitation to come to Mexico City to discuss the matter.

(50) About this time Mr. de la Barra, acting under the authority of President Huerta signed the contract dated 8th June, 1913, with the Banque de Paris et des Pays-Bas and its group under which the External Gold Loan 10-Year 6% Mexican Government bonds were created and issued. A copy of the translation in English of this contract is attached to the Memorial.

(51) Under the terms of the above mentioned contract the Banque de Paris et des Pays-Bas and its group purchased outright at 90% of par Six Million Pounds Sterling, of the above Sixteen Million Pounds Sterling Bonds.

(52) These Six Million Pounds Sterling were immediately issued to the public by the above-mentioned group of Bankers in France, Germany, England, and the United States at 98% of par, under a prospectus, as per copy of the prospectus attached to the Memorial.

I believe the allotments were made to the public within a few days after the date of the prospectus.

(53) Acting on the invitation of the Mexican Government in London, I went to Mexico where I arrived in September 1913.

(54) I had never met President Huerta or any of his ministers prior to my arrival in Mexico City in September 1913.

(55) In October 1913 I began my discussions with President Huerta along the lines of my conversation with President Diaz in 1909. President Huerta referred me to Finance Minister de la Lama, and I discussed the matter on several occasions with him.

(56) The matter was discussed on various occasions by me with President Huerta and Finance Minister de la Lama and in November it was taken under consideration by President Huerta and his Cabinet at a formal meeting which I attended and I then learned that the negotiations had been the subject of discussions with his Cabinet and that some of the ministers desired that it be taken up at a meeting with me in attendance, and that I had in consequence been invited to meet with President Huerta and his Cabinet.

I was not acquainted with any of the members of the Cabinet except Mr. de la Lama until I met them in the Cabinet meeting. The discussions were rather prolonged and I suggested that President Huerta and his Cabinet should ask the opinion of the leading livestock growers of Mexico and obtain their views on the question of public policy involved in the Mexican Government's purchase and control of the Packing Company. I pointed out that it would be opposed by a swarm of middlemen known as "introductors" and by the retail meat dealers, but that I believed it was bound to be approved by the great livestock producers of Mexico, who had always been at the mercy and caprice of the introductors. It was certain to have the support of the meat-consuming public.

(57) The "introductors" were a small body of Spaniards who speculated in the purchase of live stock, the slaughtering of this livestock, and the sale of the meat to the butchers. These "introductors" had almost no capital invested in their business and it was notorious that they took every advantage of the livestock growers by refusing to accept their cattle when it was necessary for the cattle to be shipped because of the shortage of grazing and because the cattle were ripe for slaughter.

That owing to the caprice and bad faith of these "introductors" there had not been any stability in the livestock industry or any assurance of any market at all for the livestock except upon terms which might suit the "introductors" and as these "introductors" controlled the butchers in Mexico City the livestock industry had never had a

proper chance for development until the entry of the PACKING COMPANY into the business, and its policy of purchasing at fair and proper prices all livestock whenever offered, and the ability of the PACKING COMPANY to do this because it not only had refrigeration enabling it to hold the fresh meat products for weeks, but it had a sound and profitable European market for all of the surplus not readily and profitably salable in Mexico. There was on file in the records of the Company in Mexico a voluminous correspondence with livestock producers throughout Mexico which clearly showed the general dissatisfaction of the livestock growers of Mexico toward the "introductors" as well as their high appreciation of the policy and conduct of the PACKING COMPANY.

(58) It was agreed at one of these Cabinet meetings that invitations should be extended to the principal livestock growers of Mexico to come to Mexico City and give their views to the Cabinet, and to my personal knowledge a great many came. Some of them called upon me and informed me that they had been asked to consult with members of the Cabinet and that they had pointed out to the ministers the public benefits which might be expected from the Government ownership of the control of the PACKING COMPANY. They had long desired from my Company great credit facilities, which would have benefitted livestock industry, but which no private company or bank in Mexico was large enough to extend, without safeguards which only the Government could assume. Only under Government control of the Packing Company, could the Finance Ministry extend such credits, but under such control it could and no doubt would do so. What it has actually done during the thirteen years of Government control of the Packing Company I do not know.

(59) On the 31st October 1913 I wrote President Huerta asking him if he could give me an intimation as to what was likely to be the decision of the Government in this matter, and I received from him on the 3rd November a letter, of which there is attached to the Memorial a copy, and which translated into English was as follows:

[Translation]

Private Correspondence of the President of the United States of Mexico

MEXICO, *November 3, 1913.*

Mr. JOHN W. DE KAY,

Present.

DEAR SIR: I received yesterday your esteemed letter of October 31 last, and with regard thereto I advise you that the matter referred to has been submitted to the study of the Minister of Finance, and only after this study is made can a definite decision be taken in the subject. Thus I am advising you so that you may be guided in your negotiations, avoiding any misunderstanding that might lead you to believe that the matter has already been decided favorably in accordance with your proposal. You may rest assured that every attention will be given to the matter and that it will be decided in all equity, having due regard only for the public interest.

In due time you will be advised of the result of the study made by the Minister of Finance and you will be able to discuss the matter with him.

I thank you for the good wishes toward the Nation manifested in your same letter, and I remain, etc.

(Signed) V. HUERTA.

(60) After receiving this letter I discussed the matter with Finance Minister de la Lama and he told me of the conversations with the livestock growers and that the Government was not yet prepared to give its decision.

(61) Subsequently in December I again saw President Huerta and at his invitation I attended further meetings of his Cabinet. At these meetings the matter was gone over in great detail by the Ministers. There was a general discussion as to the conversations which had taken place with the principal livestock growers, and I there learned they had expressed to President Huerta and to members of his Cabinet the unanimous opinion that the interests of the livestock industry and the public would be well served if

the Government purchased the control of the PACKING COMPANY.

(62) Through the guarantee of the Finance Ministry of the four months drafts accepted by the PACKING COMPANY and paid from the proceeds of the livestock as dealt with through the Packing Company, the livestock industry would have credit facilities which were otherwise quite impossible, and which would result not only in great benefit to the livestock growers but to the consumers of meat.

(63) President Huerta and some of his ministers expressed to me their belief that with the Government owning the control of the PACKING COMPANY and the use of the credit of the Government, it would be possible to put into operation the important project which President Diaz desired to carry out in 1909 and which he had discussed with me on various occasions. This was that meat consumed in Mexico City and the Federal District outside Mexico City should be sold exclusively in the eight public markets then existing in Mexico City and in the similar public markets which existed in each of the villages in the Federal District, thus closing all retail meat shops in the City of Mexico and Federal District.

(64) The great importance of this to the Government and consumers of meat in Mexico will be at once apparent when it is realized that at the time under discussion live cattle sold at the Packing House in Mexico City for 10 to 12 centavos per kilo; that dressed beef at the Packing House from these cattle sold at 22 to 25 centavos per kilo; and that this same dressed beef when sold through the several hundred retail meat shops in the City of Mexico cost the consumers from 55 centavos to 125 centavos per kilo. The shops selling this meat were at all times most unsanitary, but many of the abuses they had practiced had been done away with under the example of my Company's shops and the stringent health regulations devised by the Superior Board of Health in consultation with me and my staff.

(65) By abolishing all retail shops and selling the meat direct from the PACKING HOUSE through the established public markets, it would have been possible to pay more for

the live cattle at the Packing House in Mexico City, to add at least seven centavos per kilo as meat taxes paid to the Government at the Packing House, and still to sell the meat for less than 50 centavos per kilo to the public at the established public markets.

(66) These benefits to the Government through an increase of millions of pesos of revenue each year and to the consumers of meat and also to the producers of livestock applied in about the same proportion as regards the pigs and sheep consumed. Such advantages were only possible if the "introductors", commission men, and about 400 small meat shops were put out of business, and this could only be accomplished if the Government owned the control of the Packing Company and used its position and power in the interest of the livestock industry and of the consuming public.

(67) These obvious and wide-spread benefits naturally commanded the interest and approval of President Huerta and his Ministers even as they had been a governing consideration with President Diaz, who would have purchased the control of the Packing Company in 1909 but for the exorbitant demands of persons near to and in the Mexican Government, heretofore referred to.

(68) I was informed by President Huerta early in January, 1914, that the Government had received reports of two Commissions appointed by it to examine in detail all the questions involved in the arrangement under discussion, and that these reports were favorable upon all the legal, technical, and financial aspects of the proposed transaction. The Commissions were:

(1) A Technical Financial Commission and

(2) A Commission of Legal Experts.

President Huerta informed me that the Legal Commission had gone into all the legal questions affecting the Company and its concessions, also the position of the 1st and 2nd Mortgage Bonds and the matter of the Voting Trustee Certificates, the control of which I had proposed selling to Mexico.

(69) He also informed me that the Technical Financial Commission had made an exhaustive investigation of the books, records and operating and capital accounts of the Packing Company, as well as a careful inspection of the Packing Houses, Branch Cold Stores, and other property of the Company in order to determine their value, and that it had advised the Government that under the plan which the Commission considered sound for the Government, as owners of the Control of the Packing Company, there would be a net revenue from the business sufficient to pay the interest at 6% on the $4,500,000 First and Second Mortgage Bonds of the Packing Company; 6% interest upon the $5,000,000 gold which the Government proposed to pay for the 51% Voting Trustee Certificates, and after setting aside suitable reserves, there would be sufficient to pay 6% dividends per annum on the $9,000,000 Preferred Stock of the Packing Company and not less than 10% per annum dividends upon the $3,750,000 Voting Trust Certificates, representing an equal amount of the Common Stock of said Company.

(70) President Huerta gave me to understand that the Technical Financial Commission had reported that while lowering the price of meat to the public, through the use of the public markets already established, there could probably be added a tax of about seven centavos per kilo on meat and that upon the basis of the average annual consumption of meat in Mexico City only, this would yield a net increase in revenue to the Government of more than $1,000,000 United States Currency per year, which would entirely repay the purchase price of the control; namely, $5,000,000 U. S. Currency in less than five years.

(71) The Commission also reported, what our own experience had shown, that only through Government ownership and control of the business could the clandestine slaughter of animals be stopped in the Federal District. This slaughter, amounting to thousands of animals yearly, not only deprived the Government of the corresponding taxes, but resulted in the sale of great quantities of uninspected and diseased meat which directly caused a large number of

deaths every year and spread tuberculosis among the poor classes and to some extent among the middle and upper classes, whose servants did the shopping and were offered inducements to purchase the uninspected meat, or who purchased it not realizing that it was uninspected and therefore dangerous for human consumption.

(72) President Huerta expressed himself as satisfied on the findings of the Commission, that the great benefits which had been discussed as possible to accrue to the Government under Government ownership, and also to the livestock growers and the meat-consuming public, could confidently be expected and that the elimination of the "introductors" and small shops and clandestine slaughtering was only possible if the Government controlled and managed the Packing Company.

(73) I had found, from years of experience, that under private control of the Packing Company these grave abuses could not be stopped. We spent thousands of dollars every year in advertisements in the Mexican newspapers warning the public of this danger. There are attached to the Memorial photostat copies of some of such advertisements.

(74) The Commission also reported, according to President Huerta, that only through the purchase of the control of the Packing Company by the Government could the Government prevent the American Beef Trust from coming to Mexico and obtaining the same dominion over the livestock industry and meat supply of Mexico, that it exercised in the United States, the Argentine Republic, and elsewhere.

(75) President Huerta further stated that the Government appreciated, from the report of the Commission, how impossible it was for any privately conducted company to cope with the abuses of the various municipal officials, who were either directly interested in the clandestine slaughtering or who had an interest in or control of the municipal slaughter houses throughout Mexico. He also expressed the belief that with the Government in control of the Packing Company and getting the full benefit of the development of its business, they could and would stop the export of live cattle to the United States and divert that great business to the

Packing Houses in Mexico, thereby largely increasing the Government revenues, developing the railways through greatly increased traffic to and from the Packing Houses, and making Mexico the most important factor in the beef trade with England. For six years from 1908 to 1913 inclusive the exports of cattle from Mexico to the United States were 1,262,099 head or an average of 210,000 head per year. All of these cattle could have been matured in Mexico and slaughtered in the Packing Houses owned by the Packing Company. To effect such a result for the future was one of the reasons in the minds of the Mexican Government Officials in 1914 for the acquisition of the control of the Packing Company. Almost immediately after acquiring such control the public press announced that the Mexican Government imposed the prohibitive tax of about $20 U. S. Currency per head upon all cattle sent out of Mexico, and this was regarded at the time as indicating that the policy discussed by President Huerta and his Ministers was to be carried out.

(76) The above net income to the Government outlined in paragraph 70 would have been impossible of attainment by the Government, because under the circumstances, unless it purchased the control of the Packing Company it could not, without the consent of the MEXICAN NATIONAL PACKING COMPANY LIMITED, levy any such tax as the proposed increase of seven centavos per kilo, nor could there have been any such taxes on pork and mutton.

(77) As owner of the control of the MEXICAN NATIONAL PACKING COMPANY LIMITED, this consent would be given, but that, too, without any loss of revenue to the Packing Company and without in any way diminishing its profits and, on the contrary, it would be able to extend credit to the livestock owners, such as is extended to them in the United States. The Mexican livestock industry would then have received untold advantages and Mexico could be the principal meat exporting nation in the world, with the great corresponding benefit to the PACKING COMPANY.

(78) In my discussions with President Diaz in 1909 he pointed out to me that he would like to grant to the PACKING

COMPANY the exclusive right to sell meat in the established public markets of Mexico City and throughout the Federal District under stipulations which would assure the benefits above outlined, because he realized that this would be for the best interest not only of the livestock industry and of the meat-consuming public, but that so long as the Packing Company was owned by private individuals it would be impossible for the Government to do away with the "introductors" and abolish the retail meat shops in Mexico City and throughout the Federal District. It was partly because of this that President Diaz had desired his Government should purchase the control of the Packing Company and thus enable that plan to be put into effect. I have stated above why this was not done in 1909.

(79) The conditions existing in the City of Mexico as regards the price of live cattle and the cost of meat to the public and the unsanitary state of the meat supply were general throughout Mexico, and except where the refrigerated meat products of the Packing Company were sold, the people were forced to consume what can only be characterized as the dangerous meats of the local Rastros.

(80) Under Government ownership and by arrangement which the Government could easily make with the various municipalities throughout Mexico the entire livestock and meat industry of the Republic could have been put upon the advantageous footing indicated for the Federal District.

(81) As the result of my meetings with President Huerta and his Cabinet it was decided early in January that Mexico should purchase the control of the MEXICAN NATIONAL PACKING COMPANY LIMITED.

(82) This control was owned by me personally, and in consequence I entered into contracts with the Mexican Government on the 8th and 10th January 1914 to give effect to these arrangements.

(83) Copies of the original and of the translation of these contracts in English are attached to the Memorial. This translation was made officially by Pedro M. del Paso, Financial Agent of Mexico in London.

(84) It will be observed that the contract made by me with the Department of War of Mexico dated 10th January 1914 deals with the purchasing of armament and supplies for the Mexican Government. After signing the contracts of the 8th and 10th January I proceeded to Paris and there entered into conversations with the Directors of La Compagnie des Forges et Acieries de la Marine et d'Homecourt (St. Chamond) and others, having regard to the contract of the 10th January 1914 with the Department of War of Mexico.

(85) I was informed by St. Chamond that the Mexican Government under President Diaz and under President Madero had entered into contracts with that firm for the purchase of armament and that there was actually owing and then due upon contracts made with the Governments of Presidents Diaz and Madero nearly $2,000,000 American gold and that these old debts of the previous administrations of Mexico must be settled and they were not disposed to accept anything but cash.

It appeared from the contracts supplied to me by the Financial Agent of the Mexican Government, in London, that the Mexican Government, going back as far as the administration of President Diaz, was in default with respect to payments which had been agreed to be made upon armament.

Camberfort, Director of St. Chamond, pointed out to me that the amount of the contracts already existing between his Company and the Mexican Government, was more than $4,000,000 American gold, so that the internal bonds which Mexico proposed to issue would hardly be sufficient to pay his firm and leave the sums that would be needed by the Mexican Government for disbursements to other firms than his own.

It also appeared that his Company had already supplied a great part of the heavier armament to Mexico and that it was of a special type and caliber, and that in consequence, armament of a different type and caliber would hardly be useful to the Government.

(86) Under these circumstances I reported the matter to Financial Agent of Mexico, Pedro M. del Paso in London, and he reported it by cable to his Government.

(87) I informed Senor del Paso that the Directors of St. Chamond, the principal one of whom (M. Camberfort) was also a director and one of the leading men in the Comptoir Nacional d'Escompte de Paris, had discussed the matter with his bank. This bank was one of the group of Paris banks which signed the contract of 8th June 1913 with President Huerta's Financial Agent de la Barra, under which this group of banks purchased the 6,000,000 Pounds Sterling of the Mexican Government Gold Loan of 1913 above referred to.

(88) Because of its connection with the Comptoir Nacional d'Escompte de Paris the St. Chamond Company was willing to accept bonds of the above-mentioned 1913 loan in payment of the moneys due to it in respect of the contracts made by the Governments of Presidents Diaz and Madero, as well as with respect to the supplemental agreement made with President Huerta's Government early in 1913.

(89) As a result of these conversations and acting upon the authority of the Mexican Government, the Financial Agent del Paso, in London, entered into the contract of 2nd March 1914, modifying the contract of 8th January 1914 for the purchase from me for Mexico of the 51% of the Voting Trust Certificates of the MEXICAN NATIONAL PACKING COMPANY LIMITED, which I personally owned. Copy of this contract is attached to the Memorial.

(90) Pursuant to the terms of the contracts made between me and the Mexican Government mentioned in paragraph (82) above, Voting Trust Certificates to the amount of 51% of the total issue of such Voting Trust Certificates, and representing 51% of the total issue of the Common Stock of said Mexican National Packing Company Limited of Maine were delivered to the said Mexican Government, together with the resignations of Sir. Frank Crisp, Bart., W. Capel Slaughter, Esq., and Pedro M. Suarez, Esq., the three voting trustees, who were then holding and voting said

Voting Trust Certificates and in whose names as Voting Trustees the whole of the Common Stock of the MEXICAN NATIONAL PACKING COMPANY LIMITED of Maine were registered.

(91) Such delivery was made in the office of Sir Frank Crisp, Bart., in London, England, in March 1914, to Pedro M. del Paso in person, and said del Paso was the duly authorized and acting Financial Agent of the Mexican Government in London.

Upon this delivery having been completed the Financial Agent of Mexico in London, Pedro M. del Paso, delivered to me the temporary bonds of the Mexican Government, 6 per cent external gold loan, 10-year, 1913, to the amount of 1,025,000 pounds sterling.

(92) The above transaction took place as aforesaid in the office of the said Sir Frank Crisp, Bart., in London, and there were present, besides myself and Pedro M. del Paso; Sir Frank Crisp, Bart., W. Capel Slaughter, Esq., and General Arthur Maxwell, General Manager of Messrs. Glyn Mills Currie and Co., Bankers of 67 Lombard Street, London, E. C., on whose behalf Pedro Suarez, one of the retiring voting trustees, was acting.

The Mexican Government took possession of the plants, property and business of the Mexican National Packing Company, Ltd., in Mexico, and installed its personnel in charge of the business, receiving the revenues and benefits from the business, and this has continued to be the situation from that time until now, according to my information and belief. Shortly thereafter the Mexican Government endorsed its guarantee upon the first and second mortgage bonds of the Mexican National Packing Company, Ltd., upon presentation to the Financial Agent of Mexico in London, but it has not paid one penny with respect to the interest or principal of any of such bonds, nor one penny to any holder of preferred or common stock of the Mexican National Packing Company, Ltd., or one penny to me except the interest payment made on the 1st of July, 1914, amounting to about $80,000 United States gold, which money

I loaned to the Mexican Government, and none of which it ever repaid.

(93) As an indication of the importance with which the Mexican National Packing Company Limited was regarded in London, I call attention to the following article which was published on the editorial page of the Financial section of the Times in London, April 15, 1914. The nature of this announcement and the place given to it in the Times are especially to be noted.

The article in question reads as follows:

> "THE MEXICAN NATIONAL PACKING COMPANY—CONTROL ACQUIRED BY THE GOVERNMENT—BOND INTEREST GUARANTEED
>
> "The Mexican National Packing Company announces that after protracted negotiations the Mexican Government has acquired the control of the Company by the purchase of 51 per cent. of the Common stock.
>
> "The Government unconditionally guarantees the payment of the principal and interest of both the First and Special Mortgage Gold Bonds issued under the propectus dated January 9, 1913, and the Second Mortgage Bonds of the Company, being responsible for the interest which falls due on July 1 of the present year, and from that date onward until the date of the redemption of the bonds. A statement of this guarantee will be endorsed by the agent of the Mexican Government upon each of the Definitive Bonds of the two series.
>
> "The negotiations with the Mexican Government were initiated and carried through in the city of Mexico by Mr. John W. de Kay, to whom the concessions upon which the business was founded were originally granted. The directors state that the exceptional and special facilities possessed by the Mexican Government for handling and developing this

business will, in their opinion, be of great benefit to shareholders and bondholders of the Company.

"The company was formed in Maine in January, 1911, to acquire certain concessions granted by the Mexican Government for the development of the live-stock and meat industries of the country. The company has a capital of $12,750,000, $3,750,000 being in Common and $9,000,000 in Preferred. The outstanding Six per Cent. First Mortgage Bonds amount to $3,000,000, and the Second Mortgage Bonds to $1,500,000."

With respect to the contracts made by me on the 6th of March, 1914, with regard to armament, I believe that almost no armament was sent to Mexico by St. Chamond, because of the war intervening. There were, however, shipped to Mexico by Cartoucherie Francaise, S. A., on the S. S. Kron Prinzzessin Cecelie and S. S. Bavaria, arms to the value of about $400,000 American gold, for which the Cantonale Banque delivered to Cartoucherie Francaise a corresponding amount of Mexican Government bonds as provided by the terms of the contract. Except for the bonds delivered to St. Chamond by the Cantonale Banque for the amounts already due on contracts made under the administrations of Diaz, Madero, and Huerta, no other bonds were delivered for armament.

Upon the seizure of the port of Vera Cruz by the Government of the United States, I, as an American citizen, took the steps necessary to prevent the armament from reaching Mexico and ordered that the whole of the armament en route to Mexico should be returned to Europe in the ships upon which it had embarked, and that it should be stored in Spain, which was done, the effect being that so far as I know no armament was delivered in Mexico. There was a very small consignment on the S. S. Yparanga which did not disembark its cargo at Vera Cruz, and I am not aware as to what became of any of its cargo after it left the port of Vera Cruz.

In 1916, the Government of Carranza approached me with a view to obtaining my consent to release the armament in Spain which was held under the joint signature of myself

and the Financial Agent of Mexico. I held the original deposit papers with respect to this armament, and these papers stated that the armament could not be removed without the surrender of the papers and my signature. The originals of these papers are in the possession of the American Government, I having deposited them with the American Ambassador in London upon the entry of the American Government into war, in order to prevent the armament from being removed from Spain and used in that conflict against the interests of America.

I have since been informed and believe that the Government of Carranza, and Cartoucherie Francaise, obtained (about 1916) this armament from the Spanish Government and sold it for a sum which I am informed and believe was about $600,000 American gold.

The transaction was carried through without my signature and in violation of my rights as I had a charge upon the armament for cash advanced by me to the Mexican Government. The representative of Carranza who effected the transaction of taking and selling the armament was Juan Sanchez Ascona, who signed as representative of the Mexican Government, and if the money involved reached the Mexican Treasury, the Mexican Government will know the amount.

(93–A) On 8th May 1914 the following article was published in a conspicuous position in The Financier and Bullionist, the oldest financial newspaper in London:

> "MEXICAN PACKING NATIONALIZING THE MEAT INDUSTRY—IMPORTANT STATEMENT BY MR. JOHN W. DE KAY
>
> "The Press in Mexico publishes today the following announcement addressed to the Mexican people by Mr. John W. de Kay, who founded the Mexican National Packing Company under special concessions granted to him by the Mexican Government under former President Porfirio Diaz. Mr. de Kay was the first and only president of the company:
>
> 'Having sold the control of the Mexican National Packing Company, Limited, to the Mexican Govern-

ment, we are placing the business in the hands of the Government. After unremitting work of nearly 15 years in establishing in Mexico a great public service of national importance dealing with the prime necessity of meat, it is fitting for me to make my grateful acknowledgments to the millions of Mexican people who responded to my efforts in effecting a complete change in the method of dealing with the meat supply of their country, and putting that supply upon a basis which ensures pure meat for the people, and which is one of the important factors in their national life.

'Fifteen years ago Mexico had the most deplorable system in the world in dealing with its meat; today this system is nowhere excelled. Through the wise policy of the Government of President Huerta the Mexican people have secured perpetual domination of the meat industry of their country, and within a few years Mexico can become the most important factor in the world's meat trade.

'This development will be of enormous benefit to the Mexican people, and their meat industry will be for ever free from the control or influence of the American Beef Trust, which has fortunately for Mexico, now been shut out of a participation in the packing business of the Mexican Republic.

'The policy which I am confident the Government will pursue is destined to be of vast importance in developing the live stock industry and in giving cheaper meat to the people of Mexico through effective measures which could not be undertaken by the Packing Company, except under direct control and ownership of the Government.

'The first step in the nationalization of the meat industry on extensive lines has already been taken by the Mexican Government, through the levying of an export tax of about £4 sterling per head upon all cattle exported alive from Mexico, and the benefits of which exportation in the past have accrued to the

American rancher and to the American Beef Trust. In future these cattle will be dealt with in the packing-houses owned by the Mexican National Packing Company, Limited, and the products will be exported as refrigerated and tinned meats, which will add not only to the revenue of the Mexican rancher, and to the earnings of the Packing Company, but will give added employment to Mexican labour and increase the earnings of the National Railways of Mexico by bringing to them a great traffic which they have heretofore lost. The nationalisation of the meat industry of Mexico will bring the ranch owners of that country into accord with the Government for the establishment of measures to give increased output and profit to the ranchers and additional revenue to the Government."

(94) Pursuant to the contracts above referred to and acting upon instructions received from the Mexican Government I caused to be appointed on 18th May 1914 Pedro M. del Paso, Augustin M. Olmedo and Fernando Cabrera Voting Trustees of the MEXICAN NATIONAL PACKING COMPANY LIMITED.

(95) On 10th June 1914 Pedro M. del Paso, Financial Agent of Mexico in London, addressed to the Chairman of the Board of Directors of the MEXICAN NATIONAL PACKING COMPANY LIMITED the communication printed as Annex 26 of the Memorial.

(96) On the same day 10th June 1914 Mr. Shirley H. Jenks, Chairman of the Board of Directors of the MEXICAN NATIONAL PACKING COMPANY LIMITED addressed to Pedro M. del Paso the letter printed as part of Annex 27 of the Memorial.

(97) On 19th June 1914 Pedro M. del Paso addressed to Shirley H. Jenks a letter acknowledging the above mentioned communication. This letter is printed as part of Annex 27 of the Memorial.

(98) Mr. Louis F. de Kay was thereupon informed of his appointment as manager ad interim of the PACKING COM-

PANY and he employed as his chief assistant and acting manager Mr. Horace Potter Chesley, who had been the general manager of the Packing Company from 1903 up to that time.

(99) Mr. Louis F. de Kay continued to act in this capacity only a few weeks, when upon the notice and warning of the Government of the United States to all Americans resident in Mexico, Mr. Louis F. de Kay was supplanted by the Mexican nominees of the Mexican Government, and he and Mr. Horace P. Chesley and all other American employees of the Company thereupon left Mexico.

(100) From that time until the present the various Mexican Governments have had possession of the property, plants, records, books and general business of the MEXICAN NATIONAL PACKING COMPANY LIMITED, and have collected all of the revenues and benefits from then until now, and they have not only made no payment whatsoever to me, but they have made no payments whatever to any of the bond-holders or stock-holders of the Company.

(101) They have made no reports whatever to stock-holders or bond-holders or communicated with them in any way.

(102) I am also informed and believe that one and another of the various Mexican Governments at the City of Mexico, since the Autumn of 1914 or officials of said Governments have received large sums of money from the sale of plants, machinery, cold stores, refrigerator cars and other important property belonging to the PACKING COMPANY, and that said Governments or officials have converted to their own use the whole of such moneys, and I know of my own knowledge that there has been no accounting made to the Preferred and Common stockholders of the PACKING COMPANY to whom the said moneys rightfully belonged.

(103) The machinery and properties so disposed of had cost the Packing Company millions of dollars, as the books of the Company will show. I am informed and believe that some of the machinery of the Uruapan plant was brought to the City of Mexico on order of the Mexican Government and stored in the warehouse at Santiago in Mexico which ware-

house belongs or did belong at the time to the Department of Finance of Mexico; and also that some of the machinery from the San Luis Potosi plant was used by the Mexican Government to establish a cotton powder factory at the Aviation School at San Lazaro.

(104) I am also informed and believe, but as to this I have no personal knowledge that a great quantity of the machinery was sold by Obregon while he was president, either to himself or to a near relation; also that the furniture from the general offices of the PACKING COMPANY in the City of Mexico was removed to a private residence of a particular friend of Senor Obregon and there kept; also that the factory for the manufacture of tin cans and packing boxes in the City of Mexico was dismantled and sent to the Government's Correctional School where it was put to use. The refrigerator cars were sold mostly to Mexican friends of the presidents of Mexico according to my information and belief.

(105) I am also informed and believe that the various Governments of Mexico from 1914 on through all the years have published announcements in which the Department of Finance has appeared as directly in authority in the conduct of the business and in some instances in the actual leasing of the Packing House in the City of Mexico to private operators.

(106) I am also informed that from 1914 until about 1918 the Government of Mexico conducted the business themselves direct, and that in 1918 for reasons only known by the Mexican Government the property was leased by the Department of Finance to a private operator, and he according to my information, paid to the Mexican Government as a net revenue to it for the last six months of 1918 only the small sum of $285,000, and that on the 25th February, 1919, under orders of the Department of Finance, the property was leased to a friend of the President of Mexico for the sum of $2,000 daily as a fixed rent to the Government net, plus 5% of the profits above that, and that the rent was paid monthly at the rate of $60,000 per month in Mexican gold.

(107) My information also is that in violation of the rights conferred upon the Packing Company by its concessions already referred to, among which was the exclusive right to slaughter all animals slaughtered in the City of Mexico, the Mexican Government gave permission to others to slaughter hogs in the City of Mexico, and that they freely permitted bringing in of meat from the suburbs, and also that from time to time the press of Mexico City has stated that the business of the Packing Company was conducted by the Department of Finance and was "considered as a National property with all its belongings and accessories."

(108) The effect of the information which I have received and which I believe to be true, is that from the dismantling of the plants, the sale of the machinery, refrigerator cars and other equipment from the cold store down to some of the parts of the plants and the sale of the material resulting therefrom, through the disposal of such machinery and plants to officials of the various Mexican Governments, and from the handing over of the operations of the Company by the Department of Finance to various friends of the various Mexican Governments, and from the conduct of the various Mexican Governments which have taken over and freely disposed of the properties of the Packing Company, that the great organization and business of the Company has not only practically been destroyed, but that the greater part of its actual physical property has been dissipated and disposed of, notwithstanding the fact that the people of Mexico City now depend and have for the past twenty years depended upon the daily operation of the plant in the City of Mexico for their meat supply.

(109) On 1st December 1915, the Charter of the Mexican National Packing Company Limited was suspended for nonpayment of the franchise tax due to the State of Maine. I am informed that the same charter may be revived upon payment to the State of Maine of all the accrued taxes, but since the 1st December 1915 the said Company has virtually ceased to exist.

(110) Attached to the Memorial is a copy of my letter to the Secretary of State of the State of Maine dated 13th

October, 1925, and a copy of his reply thereto dated 14th October, 1925, showing the date upon which the charter of the Mexican National Packing Company, Limited, was allowed by Mexico to be suspended as aforesaid.

(111) For the control of this great business which I sold to Mexico I have never received directly or indirectly a penny from the Mexican Government except the first payment of interest due on July 1, 1914, and the money to pay this interest I loaned in cash to the Mexican Government, and not a penny so loaned has ever been repaid, so that in effect I have not received one penny from the said Mexican Government.

(112) On 16th May, 1914, Pedro M. del Paso, Financial Agent of Mexico in London addressed to Messrs. W. B. Peat & Co., Chartered Accountants, London, a letter intended for publication in the London press which letter was so published; it informed the public of the ratification and approval of the contracts entered into by me with the Mexican Government in January and March, 1914. In his letter, the Financial Agent declared, with reference to the Mexican Government bonds delivered to me:

> "The Bonds * * * were delivered in terms of Contracts entered into by my Government in January and March, 1914, and I am authorised by the Minister of Finance of my Government to advise that such Contracts have been presented to and formally approved by the Congress of the Mexican Republic. Such ratification and approval was by a law passed by the Chamber of Deputies on the 29th April, 1914, and by the Senate of the 2nd May, 1914."

(113) On July 1, 1914, the Mexican Government published in the Financial Times of London on page six the following announcement:

> "MEXICAN NATIONAL PACKING—PAYMENT OF INTEREST ON BONDS
>
> "The Financial Agent of the Mexican Government announces that interest on the Mexican National

Packing Company Six per Cent. First and Special Mortgage bonds, due 1st July, will be paid on presentation of the coupons at the London agency, 110, Connon-street, E. C.

"Holders of bonds of the Mexico Six per Cent. External Gold Loan, 1913, issued in connection with the contract under which the Mexican Government acquired the control of the Mexican National Packing Company, Ltd., may apply to the Financial Agency, where warrants will be issued to cover the interest due on 1st. July, 1914, such warrants being payable at the Finance Agency of the Mexican Government."

(114) Prior to the time of this announcement by the Financial Agent of Mexico in London, the holders of the First and Special Mortgage bonds and of the Second Mortgage bonds of the Mexican National Packing Company, Limited, had presented their bonds to the Financial Agent and the unconditional guarantee of the interest and principal of both issues of said bonds was endorsed upon said bonds and signed by the Financial Agent, Pedro M. del Paso, in the following terms:

"For value received the Republic of the United States of Mexico hereby unconditionally guarantees to the holder of the within bond the payment of the interest thereon on the first day of July Nineteen Hundred and Fourteen and thereafter as it becomes due on the first day of January and the first day of July in every year and the principal when it becomes due on the twenty-seventh day of January Nineteen Hundred and Thirty-one such interest and principal to be free of all Mexican taxes now or hereafter levied. Dated this fifteenth day of April Nineteen Hundred and Fourteen for the Republic of the United States of Mexico Signed P. M. Del Paso, Duly authorized financial Agent in London."

(115) It comes to this, therefore, that all the bonds issued under the Mexican Government's contract with me were

(a) Those deposited with me in respect of the purchase of the control of the Mexican National Packing Company, Limited, which control was delivered by me personally to the Mexican Government and has been used by it ever since by all of the various Mexican Governments. This was the control of the Packing business upon which the people of Mexico City have exclusively depended until now for all their meat.

(b) The bonds issued to St. Chamond to pay the debts owing in respect of contracts made by the Governments of Porfirio Diaz, Francisco Madero and Victoriana Huerta, and

(c) The bonds to Cartoucherie Francaise to pay for armament, none of which was ever delivered in Mexico, and in respect of which the Government of Carranza or the officials of that Government, received in cash more than the par value of the bonds in question.

It may also be mentioned that owing to the intervention of the European war, St. Chamond did not send the armament to Mexico or any armament except a small consignment which had been completed before I made either the contracts of March or January, 1914, with the Mexican Government. The small amount sent by St. Chamond was on the S. S. Yparanga and I do not know if it ever reached the Mexican Government.

(116) I never had a penny of interest or ownership in the bonds issued under (b) and (c) above.

(117) The contract of 2nd March, 1914, above referred to made with me by the Mexican Government and signed on its behalf by Pedro M. del Paso, Financial Agent of the Mexican Government in London, stipulated that the Mexican Government purchased from me for 10,000,000 pesos ($4,971,250 United States gold) my 51 per cent of the Voting Trust Certificates of the Mexican National Packing Company, Limited, representing the control of the Company. As the Mexican Government had no money it delivered to me bonds of the 6% External Ten-Year Gold Loan of 1913,

to the amount of 1,025,000 pounds Sterling, stipulating in said contract, Article first, Clause A, that:

> "Said bonds will be considered in all respects *pari passu* with the bonds of the same loan, issued according to the contract of 8th June, 1913, made with the Banque de Paris et des Pays-Bas and other banks."

(118) The contract further recited that as the bonds delivered to me were under option to the contracting banks until 1st July, 1915, I could not sell them in the meantime. They were, in consequence, not my property and obviously not good delivery on any Stock Exchange, because they were under option to the Mexican Government at 85 per cent of par until 1st July, 1915.

(119) In October, 1914, Carranza declared himself President of Mexico and immediately sent a Financial Agent to London. This agent was Miguel Covarrubias, who published on 5th December, 1914, in London a notice to the public warning the public against the bonds issued under the contracts with me and saying that these bonds were repudiated and would never be paid. On 9th December, 1914, he wrote to the Cantonale Bank, Berne, a similar warning and enclosed a cutting from the London press containing his public warning.

(120) Because of this act, rendering the bonds worthless even before they could belong to me and the subsequent repeated repudiation of the bonds down to and including the 1922 de la Huerta-Lamont agreement, which specifically mentioned these bonds and again repudiated them, while it made provision for the other bonds of the same 6% 1913 Ten-Year Loan, I never received the bonds contracted to be delivered to me in Article first of my contract of 2nd March, 1914. I never received a penny in cash and as a result I never received from the Mexican Government anything at all for the controlling 51% of the Mexican National Packing Company, Limited, sold and delivered by me to Mexico.

I claim from Mexico as due to me for the controlling shares of Mexican National Packing Company, Limited,

which I owned and sold to it, the sum of $4,971,250, United States gold, plus interest at 6 per cent, from the 1st of July, 1914, until paid, which principal, sum, and interest, to the 1st of January, 1927, amounted to $8,699,687.50, United States of America gold. I make no claim whatever on account of or in respect of any arms or munitions transaction or contract, but only and exclusively for the amount which Mexico agreed to pay to me for the control of the Mexican National Packing Company, Limited, which I owned, sold, and delivered to Mexico.

(121) The Mexican Government published an announcement in the press in London in June, 1914, intimating to the public that the First and Second Mortgage bonds of the Mexican National Packing Company, Limited, could be presented to the Financial Agent of the Mexican Government in London for the purpose of having endorsed upon said bonds the unconditional guarantee of the Mexican Government as to the payment of the interest and principal of said bonds.

(122) On 16th June, 1922, an agreement was signed by the Mexican Government with the International Bankers with respect to the Mexican External Loans. This agreement was negotiated on behalf of Mexico by Adolfo de la Huerta and Antonio Manero and throughout the negotiations which led up to this agreement the Mexican Government did not question the legality of the transaction made by me with the Mexican Government in 1914. Attached to the memorial is a copy of a letter from Mr. Thomas W. Lamont, Chairman of the International Bankers Committee, and Messrs. J. Spieler & Co., Bankers of Lucerne, Switzerland. In Mr. Lamont's letter of the 12th June, 1922, he says:

> "We are advised, on competent authority, that the recognition of all the Huerta bonds is a political question such as no Government that recognized the loans in full would survive."

This shows that the bonds were excluded from the 1922 settlement for political reasons only, as all the other bonds

issued by the same Government of President Huerta were recognized in 1922 agreement above referred to.

(123) In the agreement above referred to between the Mexican Government and the International Bankers group, the Mexican Government published a schedule of these obligations and also published the following:

> "NOTE.—In the foregoing Schedule provision has not been made for
>
> "(1) Such bonds of the Huerta issues following so-called "Series A" which are held by bankers as collateral; nor
>
> "(2) For the so-called de Kay issue, which the Government does not recognize."

(124) The above note so gave the impression that the Mexican Government made no provision for the "Series B" bonds of the Government of President Huerta nor for "Series D" bonds of the same Government; or for the bonds of the same issue of 1913, External Gold Loan 6% 10-Year deposited with the banks in Mexico in the Autumn of 1913 to secure a loan of $4,000,000, United States gold. The facts, however, are: That in the list of its obligations Mexico included the coupons of the Mexican Railways in respect of which the "Series B and D" of the above bonds had been deposited with the Guarantee Trust Company so that the repudiation of "Series B and D" of the above mentioned bonds does not actually damage the holders of the coupons of the bonds of the Railways.

(125) My information also is that the Mexican Government made provision for the loan made by the Mexican Banks in the Autumn of 1913, to the Government of President Huerta, even though they had repudiated the bonds of the 1913 Loan which were given by the Government of President Huerta to secure those advances.

(126) On 24th February, 1923, at the invitation of Antonio Manero, conveyed to me through my lawyer in Berne, Dr. H. Rennefahrt, I spent from 8.25 until 11 p. m., with Manero at the Hotel Bellevue in Berne, Switzerland, Dr. Rennefahrt

and Joseph Spieler, Banker of Lucerne, Switzerland, were present. At the outset of the meeting Mr. Manero said that:

> "he came as the representative of the Mexican Government, that he was an official in the Department of Finance, and that the Finance Minister de la Huerta had instructed him to assure me that they had omitted the Series "C" and Packing Company Bond from the 16th June, 1922, agreement solely for political reasons; that they regarded the bonds as the valid obligation of the Mexican Government, and that they were legal and in order, but that for five years the newspapers controlled by Carranza in Mexico had said that the bonds would never be paid, that the whole objection was a personal and spiteful objection towards me personally, and the Government of Mexico asked Manero to collaborate with me a basis of settlement which would be acceptable to me and to Mexico."

These conversations continued nearly all day 25th February in my room between Manero, Spieler, Rennefahrt and myself.

(127) Senor Manero said that Finance Minister de la Huerta would be prepared to enter into a new contract with me which would provide shortly:

(a) That the $300,000 cash due me from the Mexican Government advanced by me to said Government, in 1914 at the request of the Financial Agent of the Mexican Government in London, should be repaid to me in cash on the signing of the contract.

(b) That the Mexican Government would create a new issue of bonds bearing 6% interest and payable by amortization through half yearly drawings within 20 years. That this issue would be sufficient and limited in amount to the $5,000,000 American Gold due to me from Mexico for the purchase of my 51 percent of the Voting Trustee Certificates of the Mexican National Packing Company Limited, plus 6% interest upon such $5,000,000 from 1st July 1914 until the date of the issue of the bonds proposed, plus $4,500,000

for the First and Second Mortgage Bonds of the Mexican National Packing Company Limited, guaranteed as to principal and interest by the Mexican Government under its contracts with me, and 6 percent interest upon such bonds from 1st July 1914 until the new issue of bonds was delivered.

(c) That the new issue of bonds would be secured by a first mortgage upon the plants, concessions and business of the Mexican National Packing Company Limited; that the concessions of said Company would be extended for 30 years and that the whole of the earnings of the Packing Company and the taxes collected on the slaughter of animals at its packing houses would be deposited regularly in a bank to be named by me and allocated exclusively to the payment of the interest upon and the amortization of said new issue of bonds.

(128) As I was obliged to leave on the 26th February for Lausanne Mr. Manero came to Lausanne where he arrived at noon on 27th February. He remained with me the entire time until 9 p. m. that day, when he returned to Paris. As a result of this meeting he and I prepared a memorandum of the basis which Mexico and I would accept for the settlement of Mexico's indebtedness to me.

(129) Mr. Manero went to Paris on 27th February, 1923.

(130) It was agreed between him and me that he would cable the substance of our proposed arrangement to Finance Minister de la Huerta. On 2nd March at 7 p. m. Mr. Manero telephoned me at Lausanne from Paris saying "that he had been ordered by the Finance Minister to wait in Paris and that he hoped to settle with me soon according to our understanding."

(131) On the 4th March, Mr. Manero again telephoned to me from Paris saying that the reply from Finance Minister de la Huerta was favourable, but that he must return to Mexico to carry it out.

Senor Manero and I made a code for use in cable correspondence between us and as I was leaving shortly for Germany I asked Senor Manero to address me in care of my Bankers Messrs. J. Spieler & Co, Lucerne.

(132) He returned to Mexico, but the next news I had from him was a cable transmitted to me through my bankers, Messrs. J. Spieler & Co. of Lucerne, 18th March 1924, asking for my address, and asking Messrs. Spieler & Co. to request me to cable him to 75 East 89th St., New York City, the name of some one in my confidence whom he (Manero) might meet as financial delegate and secretary of de la Huerta. I thereupon cabled Senor Manero to his New York address and received his answer in our code. Senor de la Huerta and he were at the head of a revolution against Obregon and desired that I assist them financially and with European publicity.

(133) It is significant to record that both Sanchez Ascona, who received the money for the armament in Spain and Miguel Covarrubias, who also represented Carranza as a Minister abroad, and who took part in repudiation of my bonds, both approached me in 1915 and 1916 in London and Paris desiring for a substantial sum in cash to arrange for me the recognition by Carranza's Government of the 6 per cent Government bonds issued to me and of the Packing guarantees given by the Mexican Government on the $4,500,000 gold of Packing Company bonds.

Senor Covarrubias had been President Huerta's Minister to St. Petersburg, Russia, and as such he took an active part in the affairs of the Government of President Huerta, until, according to my information and belief, he was dismissed the service by President Huerta, who allowed him to resign.

(134) It is also to be noted that two Mexican Consuls-General to Switzerland, in 1917–18 and 19, viz., Hector Dominguez and Manuel Bauche-Alcade, borrowed money from Swiss bankers giving the repudiated bonds as security for such loans and stating that said bonds were as good as the "Morgan bonds" and would in due course be recognized and paid.

(135) It is needless to say that none of the loans made to the Mexican Consuls-General were ever paid.

(136) In December, 1914, Mr. Luis L. de la Barra, Financial Agent of Mexico in London was asked by a London bondholder, other than myself, for a statement regarding the position of the Mexican Government 6% 1913 Gold Loan bonds issued to me, and he gave a Certificate and delivered to me a carbon copy thereof signed by him, copy of which is attached to the Memorial.

(137) During the whole of the operations of the Packing Company the packing houses, branch cold stores, machinery, equipment, cars, delivery vans and all other properties of the Packing Company were always maintained in the highest state of upkeep and operating efficiency. The General Manager of the Company, Mr. H. P. Chesley, was particularly conscientious in this part of his duties and took great pride in the perfect condition of the Company's properties. Whenever I was in Mexico City I made it a point to go with Mr. Chesley carefully over the plant and Rastro and through the cold store at Rancho del Chopo as often as once a week and on these visits of inspection I was always impressed by the perfect condition of the plants and machinery as well as by the great cleanliness of everything in all departments.

(138) Upon my arrival in Mexico City in 1913 I made a careful inspection of the plant, Rastro and cold store in Mexico City and found that the high state of operating efficiency and perfect condition of upkeep had been maintained throughout. I made several trips to the Rastro, plant and cold store in Mexico City during the Autumn of 1913 and one such trip in January 1914 just prior to my leaving Mexico City for Europe. I can say from my own personal knowledge, as a result of these visits of inspection, that as late as January 1914 the Rastro, the plant for the manufacture of tin cans and packing cases at the Rastro, and all machinery, equipment, delivery vans, and such of the railway refrigerator cars as were in Mexico City and also the plant and its equipment and all machinery at Rancho del Chopo in Mexico City were not only intact but were in the most perfect condition of repair, upkeep and operating efficiency. I did not visit on this occasion, either the

Packing House at Uruapan or the cold storage plant at San Luis Potosi, but Mr. Chesley did visit both and his report made to me at the time was that all of the Company's properties in those cities were not only intact but were in the highest state of upkeep and efficiency.

JOHN W. DE KAY.

Subscribed and sworn to before me this second day of May, 1927.

[NOTARY SEAL.] AMELIA V. ERNST,
Notary Public.

My commission expires Jan. 6, 1929.

ANNEX 3

Affidavit of Horace Potter Chesley

I, HORACE POTTER CHESLEY, a resident of Chicago, Illinois, hereby declare upon oath as follows:

(1) I was born at New York, March 8th, 1859, in the United States of America and am now and always have been a citizen of the United States of America.

(2) From 1897 to 1901 I was General Manager, National Stock Yards Co., National Stock Yards, Illinois (East St. Louis, Ill.).

(3) From 1889 to 1897 I was General Manager, Union Stock Yards Co., Sioux City, Iowa, and in that capacity I met Mr. John W. de Kay in the Spring of 1893. He was then the editor and publisher of newspapers in the Black Hills of South Dakota. Our business relations began with our first meeting and continued as long as I was manager of the Sioux City Stock Yards Company.

As General Manager of the Sioux City Stock Yards Co., I had charge of three Packing Houses owned by the Company, and my duties necessitated the association with many of the leading Packers of Chicago and other Markets, which finally resulted in my resignation to become General Manager of the National Stock Yards Co., of East St. Louis, Illinois, which Yards and the National Stock Yards Bank were owned and operated by G. F. Swift, Nelson and Edward Morris and Sam Allerton, all successful Packers and now deceased.

For three years, while General Manager of the National Stock Yards and Vice President of the Bank my duties required visits to Chicago, from one to three times each month for conference with Messrs. Swift, Morris and Allerton and during all these trips I was the guest of Mr. G. F. Swift, at his home. He was recognized as a great and remarkable business man and I not only enjoyed my business and social relations with him but acquired through him a great part of my understanding and early experience in the Packing and Stock Yard business.

(4) In 1902, at the invitation of Mr. de Kay I visited Mexico, and made a thorough investigation of the cattle industry and meat supply of that country by visiting the principal cities of Mexico and making extended trips through the States of Chihuahua, Jalisco, Michoacan, Vera Cruz, San Luis Potosi, Tamaulipas and Guerrero and the Isthmus.

(5) I discussed with President Diaz the negotiations then pending between him and Mr. de Kay for the Federal Concession, and President Diaz expressed great confidence in the future of the Packing business and told me he considered it to be the most important undeveloped resource of Mexico.

(6) In 1903 I became a stockholder, director and General Manager of the Packing Company and moved with my family to Mexico City where I rented a house, furnished it and lived with my family continuously for the next eleven years, devoting my entire time to the establishment and conduct of the business of the Packing Company. During all these ten years, until 1913, I was a director and General Manager of the Packing Company. I resigned in May 1914 after the control of the Packing Company had been sold to Mexico.

(7) Beginning in 1907 I had various discussions with Dr. Liceaga, President of the Superior Board of Health of Mexico, with regard to the better regulation of the Mexican meat supply and Dr. Liceaga informed me, as he had informed Mr. de Kay, that there were more deaths in the City of Mexico per thousand per year from bad meat than occurred in the principal American cities from all causes, including old age.

In 1908 and 1909 I had frequent occasion to confer with Dr. Liceaga in regard to the abuse which existed from the clandestine slaughter of animals outside the City of Mexico without medical inspection, and the sale in Mexico City of the diseased meat which resulted from this slaughter and on more than one occasion Dr. Liceaga expressed to me his appreciation of the great work done by the Packing Company in placing pure meat at the disposal of the people. He also expressed his regret that owing to the local official influences and interests in the municipalities of the Federal District, outside Mexico City, he believed that it was practically impossible to suppress the clandestine slaughter of animals in the Federal District and the sale of the diseased meat in the City of Mexico unless the Government of Mexico took the most drastic steps.

(8) I have read the affidavit of Mr. John W. de Kay and I not only confirm his statements with regard to the negotiations carried on by the Company, but I also add that I took part in the construction of the Company's packing house at Uruapan and of its branch store at Rancho del Chopo, and that this work was done under my constant supervision, and that I say of my own knowledge that no packing houses anywhere in the world were more substantially or better constructed, or built with a view to obtaining, without regard to cost, the best packing houses that could be built.

(9) I contracted for and purchased the machinery for both the Uruapan Packing house and the plant at Rancho del Chopo in the City of Mexico, and I say that the machinery purchased by me was the best that could be bought in the United States, and that no expense was spared in making both of these plants the most modern and best equipped packing house and cold store in the world.

(10) I engaged the services of Fred W. Wilder, for many years one of the superintendents of Swift and Company. Mr. Wilder designed the great packing house in Chicago for Schwarzschild & Sulsberger, which at that time was regarded as the most modern packing house in the United States. After finishing his work with Messrs. Schwarzschild & Suls-

berger, Mr. Wilder co-operated with me in designing the Packing Plant for Uruapan, Mexico; settled with me the details and specifications for the machinery and equipment to be installed in it and became the General Superintendent of the Packing Company. In this capacity he went to Mexico and under my direct orders, took charge of the construction of the packing house at Uruapan and of the branch in the City of Mexico. He informed me that the packing house at Uruapan was in every respect a better and more modern plant than the plant of Schwarzschild & Sulsberger in Chicago, and that the branch at Rancho del Chopo in the City of Mexico was the best refrigerating plant he had ever seen. Fred W. Wilder was, without exception recognized as one of the foremost authorities on packing house construction and operation in the United States. I know that he enjoyed the confidence of Mr. G. F. Swift and of packers generally in the United States.

(11) With reference to Mr. de Kay's statement about the retail markets established by the Packing Company in the Federal District I have to say, that the Manager of these markets made daily reports to me and that so great was the demand of the poor people for the Packing Company's meat at retail that these markets were entirely inadequate to serve half of the people who tried to patronize them. I made frequent visits to these markets and kept a close control over their operations.

(12) I also add that owing to the local official corruption and to the influence consequently exercised by the butchers of the City of Mexico it was almost impossible for us to obtain locations for our retail markets.

(13) With reference to Mr. de Kay's statement as to Senor Perezcano and his valuation of the buildings and lands belonging to the Packing Company I say that Mr. Perezcano told me at the time he made these valuations he considered they did not represent more than a third of the total valuations, but that he was acting under orders from London in making the low valuations which he had made.

(14) With reference to Mr. de Kay's statement as to the great possibilities of the business under Government control,

I say that not only do I confirm the statements which he makes in his affidavit as to the attitude of President Diaz upon this point, but also that as General Manager of the Packing Company I was directly responsible for the credits which the Packing Company extended to livestock growers throughout Mexico, and that the demands of these live-stock growers for loans to enable them to carry their live-stock until it was suitable for slaughter were in every year at least twenty times the amount which the Packing Company was prepared to advance, and that some of the principal livestock growers in the Northern states of Mexico informed me that because these advances could not be obtained in Mexico, from the banks or otherwise, they were obliged to export their live-stock to the United States and sell it at an age and price which was a detriment to them and to Mexico, because if they could have carried it until it was ready for slaughter it would have been a great deal more profitable to them and the benefits resulting from it would have accrued to Mexican industry, rather than to the grazing and packing industry of the United States.

(15) With reference to Mr. de Kay's statement that the whole of the proceeds of the bonds and of the earnings of the Company beyond the amount required for its interest charges were invested in the plant, equipment and development of the business, I say of my own knowledge this was so and that I had charge, as General Manager, of the books and records of the Company in which this is fully recorded and that such books and records were, with all other books and records, turned over to the Mexican Government at the time the representative of that Government took possession of the business in 1914 and I left Mexico.

(16) With reference to Mr. de Kay's statement in his affidavit as to the visit of some of the principal livestock growers of Mexico to Mexico City in the Autumn of 1913 I say that several of these called upon me at the Rastro in the City of Mexico and told me that they hoped that the negotiations then in progress for the sale of the control of the Packing Company to Mexico would be successfully concluded, because they hoped that this might free them

from the "introductors" and might also open to them the credits necessary for the proper development of their livestock industry. The "introductors" were only middlemen, and speculators in livestock. They had no capital investment to speak of and if they agreed to buy cattle from the cattle growers they would decline to take delivery if it suited them to do so. As the cattle growers were forced to ship their cattle to market when they were ready for shipment and as usually at that time their grazing was no longer sufficient to feed the cattle they were at the mercy of the "introductors," and had no assured price or market for their livestock. The same conditions applied as to sheep. On the other hand, the "introductors" never failed to take a similar advantage of the meat-consuming public whenever the conditions permitted it. As the butchers running several hundred meat shops in Mexico City were dependent upon the "introductors," until the Packing Company began operations there, there was and could be no stability to any phase of the livestock and meat business.

(17) With reference to statements in Mr. de Kay's affidavit as to the price of live cattle and of dressed meat in Mexico City, I know of my own knowledge and say that these statements are correct. I was for years the officer in the Packing Company who not only approved and passed all the contracts for the purchase of livestock, but it was a part of my duty to establish the retail price of meat in the City of Mexico, which I did from day to day through all the years of the Company's business.

(18) With reference to the statements in Mr. de Kay's affidavit as to the selling of meat in the established public markets of Mexico City I not only confirm his statements but add that after one of our discussions with President Diaz in 1909 with reference to selling to Mexico the control of the Packing Company as to the plan which I would recommend for the conduct of the business under Mexican control, I was charged by Mr. de Kay with drawing up a statement and submitting to President Diaz a complete plan, not only for the installation of the necessary facilities and

refrigeration in the established central markets to enable them to handle the whole of the meat consumed in the City of Mexico, but as to the entire plan showing the cost of this service, the number of people needed to conduct it and the price at which the meat could be sold from such markets at retail to the public. This plan and its supporting data were presented by me to President Diaz at one of our meetings in the Autumn of 1909, and were subsequently filed in the office of the company in Mexico City.

(19) With reference to Mr. de Kay's statement in his affidavit as to his not drawing a salary, also as to his underwriting and his expenses; also as to the books and files of the Company and as to the earnings of the business being kept in the business, I vouch for the entire accuracy of each and all of his statements on my own knowledge as a director, because I attended every meeting of its Board of Directors held in the City of Mexico from 1903 when I became a director and General Manager, and I know of my own knowledge the correctness of the statements made by Mr. de Kay, that he did not draw a salary from the business, but that only his expenses were paid when he was engaged on the business of the Company outside Mexico. His accounts for expenses were always presented itemized to the Board of Directors, and paid upon filing of the accounts and their being vouchered in the ordinary course, through the auditing department of the Company. All this is shown in the files and records of the Company which were delivered with the plants and business to Mexico in 1914.

(20) With reference to Mr. de Kay's statement that he did not receive any commission on underwriting or any personal benefit from the sale of the Company's securities, other than the ordinary underwriting commission paid to all other underwriters, I say of my own knowledge that the detailed accounts of all the sales of securities were presented to the Board of Directors, that no securities were ever sold except at a price and upon terms previously approved by the Board of Directors, and that the record of the whole transactions and the amount received from the

sale of such securities and the disposition of the amount so received, are set out in detail in the records and books of the Company.

(21) With reference to Mr. de Kay's statement as to the slaughtering capacity of the plant in the City of Mexico and the plant at Uruapan these are confirmed by the actual operating records of the Company, which for weeks at a time slaughtered, at both these packing houses a greater number of animals than Mr. de Kay has stated as their capacity. If we had chosen to operate another shift of labor in the plants at least 40% more animals could have been slaughtered every day in each of the plants than the number stated by Mr. de Kay. Operating only at normal capacity, without any overtime, the plants had a capacity sufficient to supply not only Mexico City but the needs of other Mexican cities, besides dealing with the number suitable for the export trade.

(22) With reference to the statement in Mr. de Kay's affidavit as to the attack made upon the Packing Company's business by Finance Minister Limantour and the fact that at the end of about four months from the time the Packing House was inaugurated at Uruapan we had practically put the Rastro in the City of Mexico out of business, I confirm his statement, and also add as General Manager of the business I had personal charge of the sales organization of the Packing Company, fixed the price of meat every day in the City of Mexico and that I reported to Mr. de Kay every day the position and status of the business.

(23) With reference to the statements in Mr. de Kay's affidavit as to the unhealthy and abominable condition of the meat business in Mexico before the inauguration of the Packing Company's plant at Uruapan, I confirm his statements. I also declare that upon assuming the position of General Manager of the Packing Company in Mexico, I made a careful investigation of the meat situation in nearly all the principal cities of Mexico. This investigation involved the inspection by me, not only of the Rastros in these various cities, but of the meat shops and a careful observa-

tion of the unsanitary conditions existing, not only in the City of Mexico but in all the principal cities of Mexico. I declare of my own knowledge that the meat supply of Mexico as a whole was such as could not be imagined in the United States and one that would not be tolerated in the United States. I spent the greater part of a year in this investigation and my reports with details and statistics were from time to time presented to the Board of Directors of the Packing Company in the City of Mexico, and were part of the files of the Company in Mexico City.

(24) With reference to the statements in Mr. de Kay's affidavit as to the shipment of refrigerated meat and meat products to London I not only confirm his statements but add that all shipments made from Mexico City were always personally inspected by me at the time of loading and that the beef products on the whole compared favourably with the products of the American Packing Houses, from grass fed cattle and that the meat was in all respects as clean, well-prepared and wholesome as any beef shipped from any American packing house. The same may be said of our hams and bacon, except that both the ham and the bacon were for the greater part, rather too fat for the American taste. It was because of this that before the Packing Company began operations in Mexico nearly all the ham consumed was imported from the United States.

(25) With reference to Mr. E. B. Towl, I say that I was personally acquainted with him for a great many years before he went to Mexico. This was when he was employed as the general superintendent of the Omaha Packing Company of Omaha, Nebraska. I personally engaged him to come to Mexico and make an investigation of the business in that country, and to become the superintendent of the Packing Company in charge of operations at Uruapan. He was one of the best packing house operators in the United States, and a man whose judgment in regard to packing house operation was regarded as unsurpassed by any packing house operator in the United States. It was for this reason that he was entrusted by Mr. de Kay and me to

organize the operating staff in the various plants and branches of the Packing Company in Mexico, and that he spent upwards of one year in this work.

(26) With reference to the statements in Mr. de Kay's affidavit as to his conversations with President Diaz looking to the sale of the control of the Packing Company to Mexico, I say that I am able not only to confirm his statements, but that on more than three different occasions I was present with Mr. de Kay when he discussed with President Diaz, the sale of the control of the Company to Mexico. I was sufficiently familiar with Spanish to understand every word spoken by President Diaz. These conversations had between Mr. de Kay and President Diaz, at which I was present to answer any technical questions which might arise, were always reported to the next meeting of the Board of Directors of the Company, and the directors were kept fully informed by Mr. de Kay of these negotiations, which were approved by the Board and its approval was recorded in the record of the directors meetings in the record books which were among the books in the Mexico City offices of the Packing Company at the time of its delivery to Mexico in 1914.

(27) In these meetings with President Diaz he stated quite frankly that in his opinion the only way to serve the people with clean meat at fair prices was to abolish all meat shops, of which there were about four hundred in Mexico City, and to sell all meat at retail to the public through the central markets where vegetables, fruit and fish were sold every day, but that the retail meat shops could not be abolished by the Government so long as the monopoly of slaughtering livestock was in the hands of a private Company.

He stated on more than one occasion, when I was present with Mr. de Kay at the Palace and to me when Mr. de Kay was absent in Europe, that this situation with the local butchers was one of the reasons which strongly inclined him to contemplate the purchase of the Control of the Packing Company by the Mexican Government as under such ownership and operation the plan could readily be carried into effect.

(28) I held frequent conversations with President Diaz during Mr. de Kay's absence from Mexico and at all meetings the most cordial relations existed, as he held Mr. de Kay in the highest esteem. On one occasion in 1908 when negotiations were being conducted looking to the purchase of the Rastro undertaking by the Mexican National Packing Company and the making of a new contract with the Mexican Government covering that undertaking, I was in conversation with President Diaz who mentioned that he had discussed with Mr. de Kay a certain phase of that contract about which Mr. de Kay was to give his views. He asked me concerning this and I informed him I thought that his and Mr. de Kay's views upon that particular point were not quite in harmony, and I would beg to defer further discussions until I could cable Mr. de Kay for instructions. A few days later, when I returned to President Diaz with the cable from Mr. de Kay, indicating that they held different views, President Diaz read the cable and put it in his pocket and said that he would act on Mr. de Kay's view as to what had been discussed. I thought at the time and expressed to him, what great consideration and confidence he showed toward Mr. de Kay, as illustrated by this and in so many other ways.

(29) Because of my long experience in the stockyards and packing business in the United States and Mexico I am qualified to speak as an expert, and I declare that there were no better or more modern or better built or equipped packing houses and cold stores in the United States than the packing house at Uruapan, and the cold stores at Rancho del Chopo and at San Luis Potosi. I also declare that the refrigerator cars and the automobile delivery vans were the best built and most substantial cars and vans I have ever seen.

(30) With reference to the advertisements which were published by the Packing Company from time to time in the City of Mexico I say that at all times when Mr. de Kay was absent from the City of Mexico I had personal charge of the publicity of the Packing Company, that I wrote its advertisements, and that these advertisements stated not only the

absolute truth and facts about the Packing Company and its meat, but as to its position and importance as a pure food institution in Mexico.

All advertisements were submitted to the Board of Directors of the Company before being published and no advertisement or announcement was ever published without the unanimous approval of the directors. It was at the repeated requests of the Directors that Mr. de Kay signed the most important of the announcements and advertisements. The Directors desired this solely because of the high esteem in which Mr. de Kay was held by all classes and the consequent authority his signature gave to the Packing Company's announcements.

(31) In October 1913 Mr. de Kay was in the City of Mexico and I was Manager of the Packing Company. He informed me of his negotiations with President Huerta, looking to the sale of the control of the Company to Mexico.

(32) From time to time during the months of November and December 1913 Mr. de Kay told me of the progress of these negotiations, and that they were upon the same general lines as the negotiations which he had conducted with President Diaz in 1909.

(33) In December 1913 representatives of the Mexican Government visited the plant in Mexico City and informed me that they had been appointed by the Mexican Government to investigate the records, plants and business of the Packing Company. They told me that they had visited the plant at Uruapan, that they desired to inspect the plant at Rancho del Chopo and the plant at the Rastro and also desired to examine the records, books and documents of the Company in the General Office at the plant at the Rastro. They informed me that they were to make a report on the undertaking to the Mexican Government in connection with the negotiations which they understood were then pending with a view to Mexico purchasing the control of the Packing Company.

(34) They showed me an official paper from the Department of Finance of the Mexican Government asking that they be shown everything and given all information.

(35) I went with them to Rancho del Chopo and they spent a considerable time in inspecting the plant at Rancho del Chopo.

(36) I took them all over the plant at the Rastro and they spent the greater part of two days in an inspection of this plant. I introduced them to our staff in the general office and instructed the auditor, cashier and bookkeepers to place at their disposal all records, documents and files, which they did, and I placed at their disposal all the records of the Directors' meetings and all of the files, documents, books and papers in the Executive Office of the Company. They spent the greater part of several days in going through these books, records, documents and papers and when they had finished they called upon me and thanked me for the courtesies which had been shown them by me and by the entire staff, and informed me that they had completed their investigations and would be making their report to the Department of Finance.

They made special reference to the excellent condition of all the Plant and Rastro and the branch at Rancho del Chopo and remarked that they had not seen plants and machinery in a better state of upkeep and efficiency.

(37) Early in June 1914, Mr. Louis F. de Kay was chosen General Manager ad interim by the Mexican Government and he appointed me Assistant Manager, in which capacity I continued to act until we were relieved by Mexicans. As Assistant Manager I was in charge of the offices, accounting and the books and records of the Company.

(38) Early in June 1914 Mr. Louis F. de Kay informed the Minister of Finance of Mexico that he and the other Americans employed in the Packing Company's business desired to leave Mexico as we had been, on more than one occasion, advised to do by the American Government, and he requested the Minister of Finance to relieve us of our responsibilities and appoint another manager for the Packing Company. Shortly thereafter a representative of the Department of Finance of Mexico came to the General Offices of the Company in the City of Mexico and informed Mr. Louis F. de Kay and me that he had been designated as

the Manager of the Company. He showed us a communication from the Department of Finance and we delivered over to him the possession of the general offices, including all books, records and the business in general. At the moment of this delivery everything in the general offices and at Rancho del Chopo and at the plant in the City of Mexico was intact, and all documents, records and books of the Company were in the general offices which this representative of the Department of Finance of the Mexican Government took possession of.

(39) At the time of this delivery to the representative of the Mexican Government of the business, books, records and property of the Packing Company the plant, Rastro and the cold storage warehouse, all in the City of Mexico, were in a perfect state of upkeep and repair as were also the ninety-five railway refrigerator cars, automobile delivery vans and all other of the physical assets of the Packing Company. I visited, only a few weeks before this, the Packing Company's plant at Uruapan, Michoacan, and made a careful inspection of the entire property and all machinery, including the power plant, situated some distance from the main buildings. I declare, in consequence, on my own personal and first hand knowledge that the Packing Plant at Uruapan, Michoacan, and all the machinery, equipment and instalations of said plant were intact and in a perfect condition of upkeep and that all had been maintained in a perfect condition of operaing efficiency as late as my visit to Uruapan in June 1914.

(40) Late in 1913 I visited the branch cold store belonging to the Packing Company at San Luis Potosi, and I know of my own knowledge that this plant and all machinery were intact and in perfect condition.

(41) As regards the Plant and Rastro and the cold storage warehouse all in Mexico City I am able to declare of my own personal knowledge because I visited these plants nearly every working day of the year until they were delivered to the Mexican Government as above set out—my last visit being in July 1914.

It was a part of my duty to go through these plants entirely and inspect the working of all departments, at least two or

three times each week and I never failed in this duty from the beginning to the end of our operations. During the whole period of our operations there were constant and almost daily outlays by the Packing Company in maintaining all plants, equipment and machinery in the highest condition of operating efficiency and in never allowing, under any circumstances, the least deterioration in any of the property of the Company. In all my long experience in and connection with Packing Houses and Stockyards in the United States I have never seen more care devoted to the keeping of plants and machinery in perfect condition than was devoted to this all-important work by the Mexican National Packing Company whose plants, machinery and equipment were nowhere excelled.

(42) With reference to the service which the Mexican National Packing Company rendered to the public I cannot refrain from saying that it was in no small part due to the fact that the entire organization, from the most humble employee to the highest official of the Company, was inspired by the example and the high principles which prompted all the acts of our President, Mr. John W. de Kay, who always insisted upon the highest standard of efficiency in our service to the public. In conspicuous places in the Packing Company's plants and Cold Stores Mr. de Kay placed this motto:

> "We are preparing food for the mothers and children of Mexico. Let us be worthy of this trust."

(43) Mr. de Kay was more punctual than any employee in arriving at the plant. He was the first official of the Company to arrive in the morning and the last to leave at night, and everybody connected with the Company was loyally devoted to him.

(44) I have been associated all my life with business men of great ability and also of capacity for work, leadership and organization, but I never knew any man the superior of Mr. de Kay.

(45) As General Manager of the Company I assisted him in building up the organization and in running it and it is

not too much to say that no business was better organized and no organization was ever more thorough or harmonious. Mr. de Kay enjoyed the devotion of every man in the business and the respect and confidence of all who had dealings with him—from President Diaz downward.

His sense of justice, truth and fair play, and his insistence upon these as the foundation of our business won for him the unbounded admiration of every one connected with his work.

(46) With reference to the affidavit of Mr. John W. de Kay in general, I have to say of my own knowledge as director and General Manager of the Packing Company that his statements as to everything pertaining to the business and other matters in Mexico, to the importance of the Company as a pure-food institution, as to its plants and operations and as to how it was regarded by all those who engaged in its development are not only correct statements but that they are temperate statements.

(47) I have no interest in the claim presented by Mr. de Kay or in the proceeds thereof.

HORACE POTTER CHESLEY.

Subscribed and sworn to before me this 14th day of May, Nineteen Hundred and Twenty-seven.

[NOTARY SEAL.] HARRY STAHL,
Notary Public.

Comm. Exp. 3/17/28.

HARRY STAHL, 4067 Oakland Crescent, Chicago, Illinois.

ANNEX 4

Permission to Transfer Federal Concession from the North American Beef Company to the United States Packing Company.

No. 7333—Section 2nd.

With reference to the communication from you, of the date of March 27 of the current year, in which, as representing the North American Beef Company, you solicit the permission to transfer the concession granted to the said Company for the establishment in this country, of two

Packing Houses and two Factories for the manufacture of various articles by the utilisation of animal refuse, to the Company called "The United States Packing Company" I have to inform you that this office authorizes you to execute the transfer in question.

I enclose to you herewith the proof of the documents of protocolisation of the Articles of Incorporation of the last of the Companies mentioned.

Mexico, June 23, 1905.

B. Escontria.

(The original of this document will be in the possession of the Government of Mexico.)

ANNEX 5

Approval of transfer of Federal Concession from the North American Beef Company to the United States Packing Company.

Section 2a. No. 4120.

I to-day make known the following to the Secretario de Hacienda (Minister of Finance).

All preliminaries and formalities having been observed in the case, this Department has seen fit to approve the transfer of the concession granted to The North American Beef Company for the establishment in this country of two packing-houses and factories for the allied products of the same to the United States Packing Company.

The rightful representative of this Company in all that relating to the contract under consideration is Sr. Lic Luis Mendez.

The above information is given you in reply to your communication of the 11th inst.

Mexico, October 18th, 1905.

(Signed) Escontria.

To Sr. Lic Luis Mendez,

Representative of the United States Packing Co.
Addressed.

(Translated from copy of original. H. de V.)

(The original of this document will be in the possession of the Government of Mexico.)

ANNEX 6

Speeches made by Vice President Ramon Corral and others at the opening of the Uruapan plant.

SPEECH MADE BY HONORABLE RAMON CORRAL

Vice-President of the Mexican Republic, on the event of the inauguration of the Uruapan Plant, on January 18th, 1908, at 1:15 P. M.

"GENTLEMEN: It is not so very long ago that we Mexicans, instead of occupying ourselves with matters of the nature of that which has brought us here together, occupied ourselves with the drawing up of revolutionary programmes to hurl us to war, brothers against brothers, in defense of principles and ideals which were usually beyond the understanding of the combatants. Our ideas were far from being practical since we attached more importance to some political dream than to the creation of new industries and the development of the neglected wealth of our soil.

"Fortunately those times are over for Mexico, I say fortunately, because the fact marks a positive conquest in our evolution, and not because I am ignorant of the importance of that period in which we fought to obtain our liberty and for the institutions which are today the greatest glory in our history.

"We have entered into a new life which permits us to take a distinguished position amongst civilized Nations, devoting ourselves to procuring the advancement of our country, and although this idea has become trivial through having been expressed so often, it must ever be repeated lest we forget that the heights attained by the Nation's progress oblige us to persevere along the broad path of labor which we have taken; we must always remember that the future of the country can better be assured by harvesting cotton and improving the food of the people by giving it wholesome meat, than by forming fruitless theories on insoluble problems.

"The inauguration of this enterprise is of great importance to the country not only because it is going to co-oper-

ate in the development of a source of wealth of great future, but also because it is going to provide wholesome food for our people, which means both intellectual and physical improvement and greater fitness for life.

"We must believe in the success of the Packing Company, a valuable pledge of the stability and solidity of which is the presence here of this group of distinguished Englishmen and Americans, who have left their important affairs and comforts of their homes to attend this inauguration, thereby showing that the business has their support. That we Mexicans believe in it, is proclaimed by the presence of those of us who are gathered here, some representing the official element of the Federation and of the State, others the different social elements. It is also shown by the very expressive fact that our illustrious President, whom we all admire because of his talent, his patriotism and because he is the author of our progress, has commissioned me to represent him at this ceremony.

"I ask you, gentlemen, to raise your glasses and drink to the President of the Republic, and to the future of the Uruapan Packing Company, which represents progress for the Nation both from the point of view of the people's food and that of the development of our wealth in livestock and agriculture."

SPEECH MADE BY HONORABLE ARISTEO MERCADO

Governor of the State of Michoacan, at the inauguration of the Uruapan Plant, January 18, 1908, at 1:30 P. M.

"The President of this Company, Mr. de Kay, who with so much diligence and so much constancy has now brought to its inauguration this plant, made a speech; a speech which he made with the clearness and simplicity which belong to him. He has already told you in clear phrases how this Company, which is starting a new industry in this country, an industry which is as yet unknown in Mexico, is ready to begin operations.

"The Vice-President, in dignified and eloquent language, has painted for you the picture showing you the difference between what this country was and what this country is.

It devolves upon me, in a few words, to extend to our foreign friends, a welcome as representatives of a country of practical people who can teach us a great deal; and we are enthusiastic to learn all that it is possible to learn from other countries; it devolves upon me to extend to these gentlemen a welcome with peace in our hearts and with open arms.

"I drink to the health of the President, whose great work in this country has enabled the Packing Company to establish its business with safety and security. I drink to the health of the Vice-President of the Republic, Ramon Corral. I drink to the English and American gentlemen who are behind this Packing Company, and I drink in the hope that these gentlemen will get back to their homes in safety and there make known that in the State of Michoacan we are all ready to receive anybody who represents progress, enlightenment and work."

SPEECH MADE BY HONORABLE EUSTACE FIENNES.

Member of Parliament for Banbury, England, at the inauguration of Uruapan Plant, January 18, 1908, at 1:45 P. M.

"Mr. de Kay, Senor Don Ramon Corral, Governor Aristeo Mercado, and the Governors of the Federal District and of Puebla, and Gentlemen: It is a great honor to me to be a Member of the British Parliament, but that honor is intensified when it brings me to the heart of Mexico where one has the privilege of speaking for the British people. The last time that I heard a speech interpreted was when General Botha came to join the Conference of the Colonial Premiers in England. The interpretation was given by one of his countrymen, Mr. Duval, and I can assure you that the interpretation was not better done than it is being done here by our friend, Senor del Campo.

"Since the Parliament recess in England, it has been my great pleasure to visit two Republics—the one being the virile Republic of Switzerland and the other being the great Republic of Mexico. To the one I had the privilege of going on Parliamentary business and to the other I have had the pleasure of coming on financial business; but in both I met with the same cordiality and friendship from all

the people of these two great Republics. The American and English people who have come to visit Mexico have now spent close upon three weeks in the country. They have travelled from the North into the City of Mexico, from whence they have been South and East, and finally they have arrived at the great industry in the West, at Uruapan. But it is idle for me or for any of our party to pretend that we have any extended knowledge of your great country in the three weeks' visit, for that would be impossible. But so much kindness has been shown to us and so many facilities have been given to us for acquiring knowledge and for obtaining information that we should indeed be somewhat lacking in mental ability if we had not learned a considerable lot in these three weeks.

"I may say in passing that our constant friend, adviser and counsellor has been Don Carlos de Landa y Escandon and we are deeply grateful to him for the way in which he has, at great trouble and sacrifice to himself, shown us such great attention during these three weeks. We have seen a most beautiful country that is rich in soil, that is luxuriant, that apparently can grow anything and which makes the English people so very envious indeed in one respect; for the sun shines all day upon your heads. The troubles and hardships that this Republic has worried through are well known to most of us, who have studied some of your history and they have been touched upon today by Vice-President Senor Don Ramon Corral. You have emerged triumphant through these troubles and hardships and it is to my mind, and I think to those of the rest of the party, due to the fact that you have a President who is able, and who is a statesman and a general of whom you may indeed be proud. One of the greatest advantages that the President of this Republic has used has been this, that he has surrounded himself with loyal and with patriotic men who love their country and would give their lives for it; such as the officials of Mexico who sit around this table. Our friends from the 'North of the Rio Grande' have shown their usual business foresight and their quick proclivities in turning their attention to Mexico; and one must remember with regard to this that England has to turn her attention to her three great colonies

and also to her vast country of India; but at the same time we have shown our keenness by being led by the hand of our good President, Mr. de Kay, and in supporting not only with our money but also by our presence here today to see for ourselves that great industry which he has been the means of starting in this Republic. I may safely say this, on behalf of the Englishmen who are here, that any statement that was made by Mr. de Kay to us in England and any representations he may have made by which he has obtained the capital that was required, we have found amply verified and justified by what we have seen here in this plant and also throughout this country.

"England by her system of free trade, uses the whole world as her granary and the whole world as her butcher shop. We are ready for another partner—Mexico can take that place by her exports into England from the meat packing-houses which we are going to establish in this Republic generally.

"In the last three weeks we have met many Englishmen in this country, and I am thankful to say that they all seem, at all events if their cheery faces are to be any guide to us, to be doing pretty well. But this we certainly do know, that they have met with the friendship of the Mexican people. We may consider them the pioneers of England in the Mexican Republic and they give us a fairly good assurance that British capital will always be acceptable here and will be well protected. The stability of the Government of this country it would not be right for me to question, but I cannot believe that people who love their past history as the people of this country do, who love Art, and Science and Music and who build great National opera houses, who have penitentiaries that are conducted on humane lines, who have hospitals that are up-to-date, that those people are likely to cast aside that great blessing that they have at last obtained—Peace.

"Gentlemen, before sitting down I must also thank those who have been instrumental in the past months in putting up this great work here in Uruapan. We are depending upon them, as Mr. de Kay has said, for their ability and for their knowledge and for the hard work that they have already

put into this business and that they are going to do in the future, from the man who started in the very lowest degree to the man who has had the governing and the ruling of the others. We thank them all as Englishmen for what they have done and we are proud of their work. I must apologize for having kept you so long at this time, but the occasion is an important one and I ask you to allow me to give you a motto which is to be remembered; and it is,

"Let peace be within your walls and plenteousness within your palaces."

SPEECH MADE BY JUDGE HIRAM R. STEELE, NEW YORK.

Director of the New York Life Insurance Company and one of the Counsel for the Packing Company; at the inauguration of the Uruapan Plant, January 18, 1908, at 2:15 P. M.

"MR. DE KAY AND GENTLEMEN: I esteem it a great privilege and honor on behalf of the United States to join in paying respects to the distinguished public officials of this great country and to our English capitalists who are here with us to join with you in thanking God and rejoicing for this day. We are indebted to various causes for this occasion, but the one of first importance in my mind is the stable Government which Mexico enjoys through the masterful efforts of the greatest man living today, President Diaz. It matters not how great the natural resources of a country may be, its advantages of soil and climate, if there is not a stable government. The fact that these English capitalists are here with their money to develop this great industry is the most substantial proof you could have that the stability of the Mexican Republic is recognized throughout the world. It must be pleasing to know that these gentlemen who come across the seas, come not as in times of old with spears and swords and cannon to subdue the people, but with their money and their love to bring blessings and happiness to you, the people of this land, who are so fortunate as to enjoy the fruits of this great industry.

"In responding for the United States, as it is well known that most of the capital for this enterprise comes from old England, it may be asked, 'What is our part?' All we can

say, and we say it proudly, is that, 'We furnished you John W. de Kay.' It is not easy to divert capital—capital is always timid and cautious; and but for the virtues of this young man who has won the hearts of all the people who have come in contact with him, this river which rumbles by the plant would be wasting its powers and running on to the sea as it has in the days past, and I think we are entitled to a share in what has been done and what will be done for furnishing this much to the enterprise.

"Before taking my seat, I wish to mention an unfortunate incident. We have with us a very distinguished capitalist of England, one of the largest investors in this enterprise, who would have enjoyed this occasion but for the misfortune of falling into a pit last night and breaking his leg, and I wish you would join me in tendering Mr. Spencer Chapman our best wishes and hopes for his speedy recovery."

The following letter, signed by Senator Sebastian Camacho, President of The National Bank of Mexico, was read at the banquet.

"ON THE OCCASION OF THE INAUGURATION OF THE GREAT PLANT OF URUAPAN.

"Health is a heavenly benediction. Health depends largely on the food eaten. To provide wholesome food is to confer a positive blessing, the greatest benefit that can be conferred on mankind. To do this is the aim of the Mexican National Packing Company, and to realize this aim with honor it today inaugurates in Uruapan the first packing plant in the Republic, the first of a chain of plants for the production of scientifically prepared meats, a chain which will eventually extend over the length and breadth of this fair land.

"The Uruapan Packing plant honors the rule of that eminent man, the Federal Executive of Mexico, General Porfirio Diaz; it honors the distinguished Governor of the State of Michoacan, Don Aristeo Mercado, my old and esteemed friend, because they gave their support and intelligent protection to the great enterprise founded in Mexico by the genius of North American citizens and the far-seeing

intelligence of English gentlemen; a great enterprise that has a future flattering to all the interests which comprise its organization by its vast labor and the important results which it will have, dispensing with care the products of its useful industry in all the markets of the world and putting them within the reach of the most humble fortunes.

"Let Mexico, the United States and Great Britain—countries ruled by those great statesmen, Porfirio Diaz, President Roosevelt and King Edward—let these nations applaud the union of their sons, a union secured by the love of freedom, let it now be secured by that of toil as hitherto they have been united by their love of liberty.

"That is my ardent wish, especially for my tireless friend, Mr. John W. de Kay, the colleague and friend of the distinguished gentlemen gathered today in Uruapan whom I greet with all due honor and respect."

(Signed) SEBASTIAN CAMACHO.

Mexico, 18th January, 1908.

(From El Diario of January 17th, 1908.)

INAUGURATION OF "LA EMPACADORA" AT URUAPAN. VOYAGE OF THE VICE-PRESIDENT. ACCOMPANIED BY DISTINGUISHED PERSONS, MR. RAMON CORRAL LEFT FOR THE ABOVE TOWN.

Last night at nine o'clock the special train of the National Railroad carrying the guests invited to the solemn inauguration of the Uruapan Packing Company left this city.

The train was composed of one engine pulling five elegant and roomy sleeping cars in which the distinguished gentlemen took seats.

Among the invited guests were the Vice-President of the Republic, Don Ramon Corral, the German charge d'affaires, Mr. Radowitz; the Governor of the Federal District, Mr. Guillermo de Landa y Escandon, and numerous persons well known in banking, commercial and industrial circles, as well as many distinguished gentlemen belonging to the foreign colony residing in this Capital, among whom we remember the following: Mr. J. W. de Kay, President of the Packing Company of Uruapan; Lieutenant-Colonel Samuel Garcia Cuellar, Chief of the Staff of the President of the

Republic; Mr. Martin Ribon, Lic. Francisco Alfaro, Ernesto Graitert, Dante Cusi, Dr. Domingo Orvananos, Dr. Jesus Monjaraz, Engineer Miguel Quevedo, G. H. Hewett, E. P. Call, Dr. Dolley, T. K. Scott, N. Calthrop, C. Wellby, Captain Greenwell, Carlos Girvin, Jose Gomez, F. E. Humphrey, Manuel Martinez del Campo, as well as numerous other gentlemen, among whom were the representatives of the press of this Capital.

At the station there was a group of members of the best society of the Capital who had assembled there to bid farewell to their friends.

The train left at nine o'clock, and it is expected that the travellers will return to this city next Monday, after spending a few pleasant days at the picturesque town of Uruapan.

ANNEX 7

Affidavit of Horace Potter Chesley, identifying and describing photographs of Company's plants

I, Horace Potter Chesley, hereby declare on oath:

(1) I am a citizen of the United States of America, born in New York March 8th, 1859.

(2) I was from 1903 until 1914 General Manager of the Mexican National Packing Company and Mexican National Packing Company Limited resident in Mexico.

(3) I have made an affidavit respecting the properties and business in general of said Packing Company and Packing Company Limited for filing with the Mixed Claims Commission United States and Mexico.

(4) At various times from 1908 to 1913 I employed photographers to take various pictures of some of the properties of the Packing Company for presentation to some of the officers of the Company as souvenirs of the most important of the work we had done and were doing in Mexico. In addition to the properties shown at Uruapan and in Mexico City, there were in Mexico City and suburbs a large number of retail shops, and at San Luis Potosi a large cold storage warehouse, but I do not have any of the photographs of these. Many of these shops were equipped with refrigerating machinery run by electricity and the cold storage plant at

San Luis Potosi was large enough to contain in storage a train load of refrigerated meat. It was equipped not only with the best obtainable refrigerating machinery but with the machinery for the manufacture of ice. There was also stored at this plant machinery and complete refrigerating equipment to instal seventeen additional, but smaller cold storage warehouses, and the arrangements for the construction of such branches was proceeding when the control of the Packing Company was sold to Mexico. All of this machinery was manufactured to the specifications of the Packing Company in England and was of the highest quality.

(5) The inscriptions under the photographs of the plant at Uruapan, State of Michoacan, numbered from 1 to 12 both inclusive, correctly describe the pictures referred to and the uses to which the property described was devoted.

(6) The inscriptions under the photographs of the Packing House, and Rastro in Mexico City, numbered from 1a to 22a both inclusive correctly describe the uses to which the respective buildings were put.

(7) The inscriptions under the photographs of the Cold Storage Warehouse at Rancho del Chopo in the City of Mexico, numbered from 1b to 3b both inclusive, correctly show what they are described as showing.

(8) I make the above statements on my own, first hand personal knowledge of all the facts and circumstances and declare that it was these buildings and their contents of machinery and equipment to which I refer in my other affidavit mentioned in paragraph (3) above and dated May 14th, 1927; and which buildings, machinery, equipment and all installations; and also all motor delivery vans and all railway refrigerator cars, were delivered to the Mexican Government in 1914, in perfect condition of repair, upkeep and operating efficiency; and there was in addition considerable stocks of materials and supplies.

HORACE POTTER CHESLEY.

Subscribed and sworn to before me this 27th day of May, 1927.

HARRY STAHL,
Notary Public.

Comm. Exp. 3/17/28.

HARRY STAHL, 4067 Oakland Crescent, Chicago, Ill.

Numbers 1 to 12

PHOTOGRAPHS

OF

URUAPAN PACKING HOUSE

PICTURE NO. 1.—PACKING HOUSE AT URUAPAN, STATE OF MICHOACAN. PARTIAL VIEW OF THE PACKING HOUSE AT URUAPAN, TAKEN FROM THE NORTHEAST

A.—For manufacture of 60 tons of ice daily.
B.—Cold Storage Building from which two and three special trains of refrigerated meat were shipped daily.
C and *D*.—Building devoted to first preparation of meat for canning and to putting such meat in tins. Equipped with the most modern canning machinery to handle 40,000 pounds of canned meat daily.
E and *F*.—Buildings devoted to making oleomargarine, lard, tallow, sausage, soap, and the utilization of all by-products. Equipped with all the most modern machinery to deal with 500 cattle and 500 hogs and 500 sheep daily.
G.—Smokehouse for ham, bacon, sausage, and dried beef. In the basements of B, C, and D were the curing cellars for the various kinds of meat.
The people in the foreground include Vice President Ramon Corral, and Governors Mercado, Landa y Escandon, and Martinez, and Mr. de Kay, President, and various of the other officials of the Packing Company.

PICTURE NO. 2

A.—South and east view of E and F in Picture No. 1.
B.—Buildings devoted to the slaughter of cattle, hogs, and sheep, and in the basements to the curing of hides and pelts, showing also partial view of stockyards

PICTURE NO. 2

A.—South and east view of E and F in Picture No. 1.
B.—Buildings devoted to the slaughter of cattle, hogs, and sheep, and in the basements to the curing of hides and pelts, showing also partial view of stockyards

PICTURE NO. 3

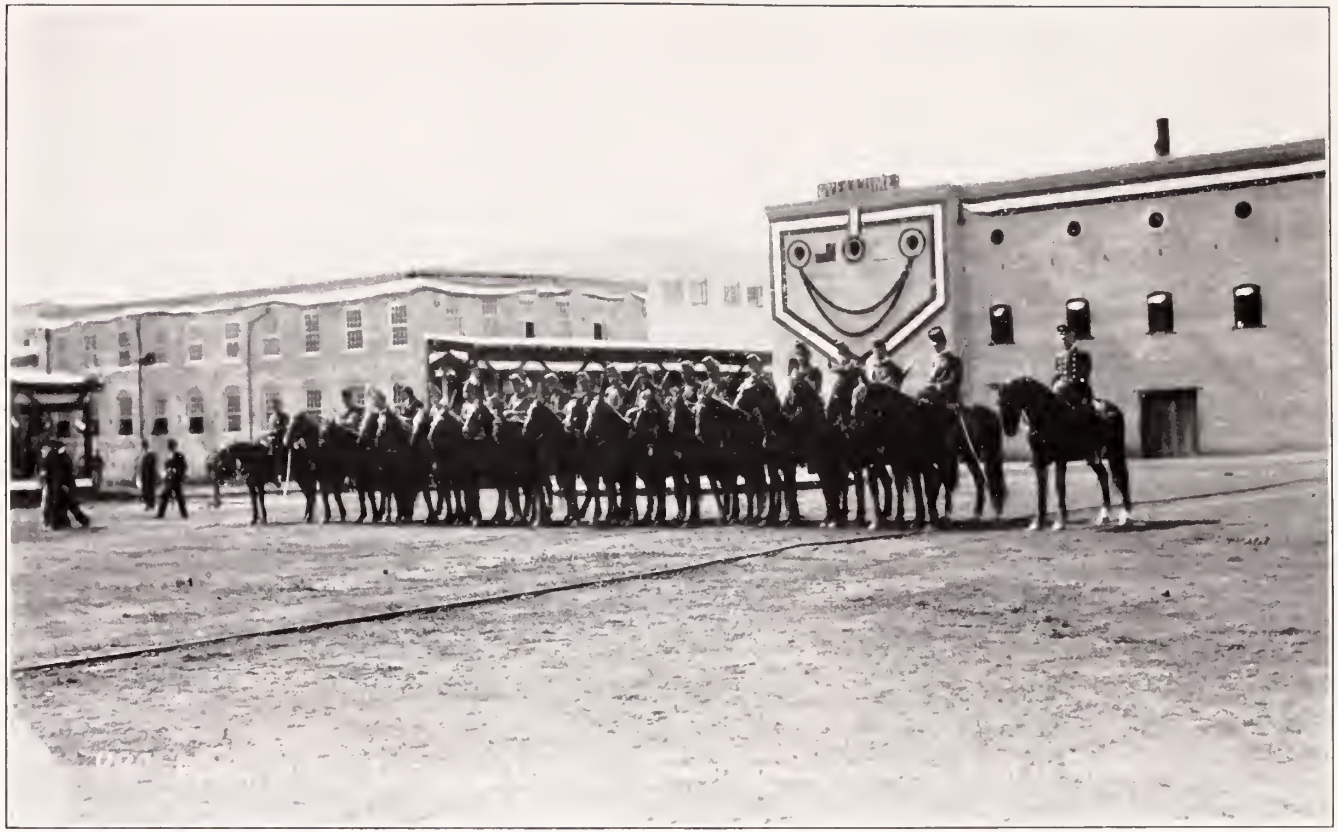
Building on the west of (A) in Picture No. 1. This building contained the most modern machinery for ice making and refrigeration of the plant

PICTURE NO. 4

Turbine house and Uruapan plant in distance. Here the electricity was generated for the operation of the Packing House, in which there was a great installat on of separate motors for every machine in every building. This power installation cost upward of $500,000 American gold

PICTURE NO. 5

Vice-Presidential special train, showing section of plant f rom the east



PICTURE NO. 6

Partial northeast view of plant, showing Vice-Presidential Military Guard

PICTURE NO. 7

Refrigerator cars, belonging to Mexican National Packing Company, on a siding at rear of Uruapan plant

PICTURE NO. 8

The Rurales—Vice Presidential Guard

PICTURE NO. 9

Section of Uruapan Packing House and a group of some of those attending the inauguration. In the picture are:
Ramon Corral, Vice President of Mexico; Governors Landa y. Escandon, Mercado, and Martinez; Lic. Francisco Alfaro; The Honorable Eustace Fiennes, M. P., London; Sir William Slaughter, Solicitor of the Packing Company in London; E. R. Calthrop, Chairman of the Barsi Light Railways of India; Judge Hiram R. Steele, Director of the New York Life Insurance Company, of New York; Edward Payson Call, Publisher, New York Commercial; John W. de Kay, President of Packing Company; H. P. Chesley, General Manager of the Company; John W. Hancher, Manager of the Markets of the Company. In the group there were also various prominent business men and officials from Mexico City and other parts of Mexico

PICTURE NO. 10

In a corner of the slaughtering house at the Uruapan Plant, just after Vice President Corral had touched the button which set the plant in operation. In the group are:
Vice President Corral, Governors Landa y. Escandon, Mercado, and Martinez, and Lic. Francisco Alfaro, one of the Company's Counsel in Mexico, and Mr. John W. de Kay, President of the Packing Company

PICTURE NO. 11

Chamber in Cold Storage Plant

PICTURE NO. 12. CHAMBER IN COLD STORAGE PLANT

Numbers 1a to 22a

PHOTOGRAPHS OF PLANT

AND

RASTRO

IN THE

CITY OF MEXICO

MEXICO CITY PLANT AND RASTRO

Picture No. 1*a*.—(A) Northeast view of Rastro. North in front was loading platform from salesroom. East rear portion is cold storage plant. Underneath this entire group of buildings were rooms for curing and storing hides, and refrigerated rooms for tallow, lard, and meats in process of curing. (B) Sausage and gelatine manufacturing department

PICTURE NO. 2*a*

Partial east view of Rastro showing the unloading of refrigerated meat from refrigerator cars into company's vans and carts—the meat having been shipped from the packing house in Uruapan and sold to the butchers in Mexico City

PICTURE NO. 3*a*

Showing tallow in storage in refrigerator basement room under building "A" in Picture No. 1*a*

PICTURE NO. 4*a*

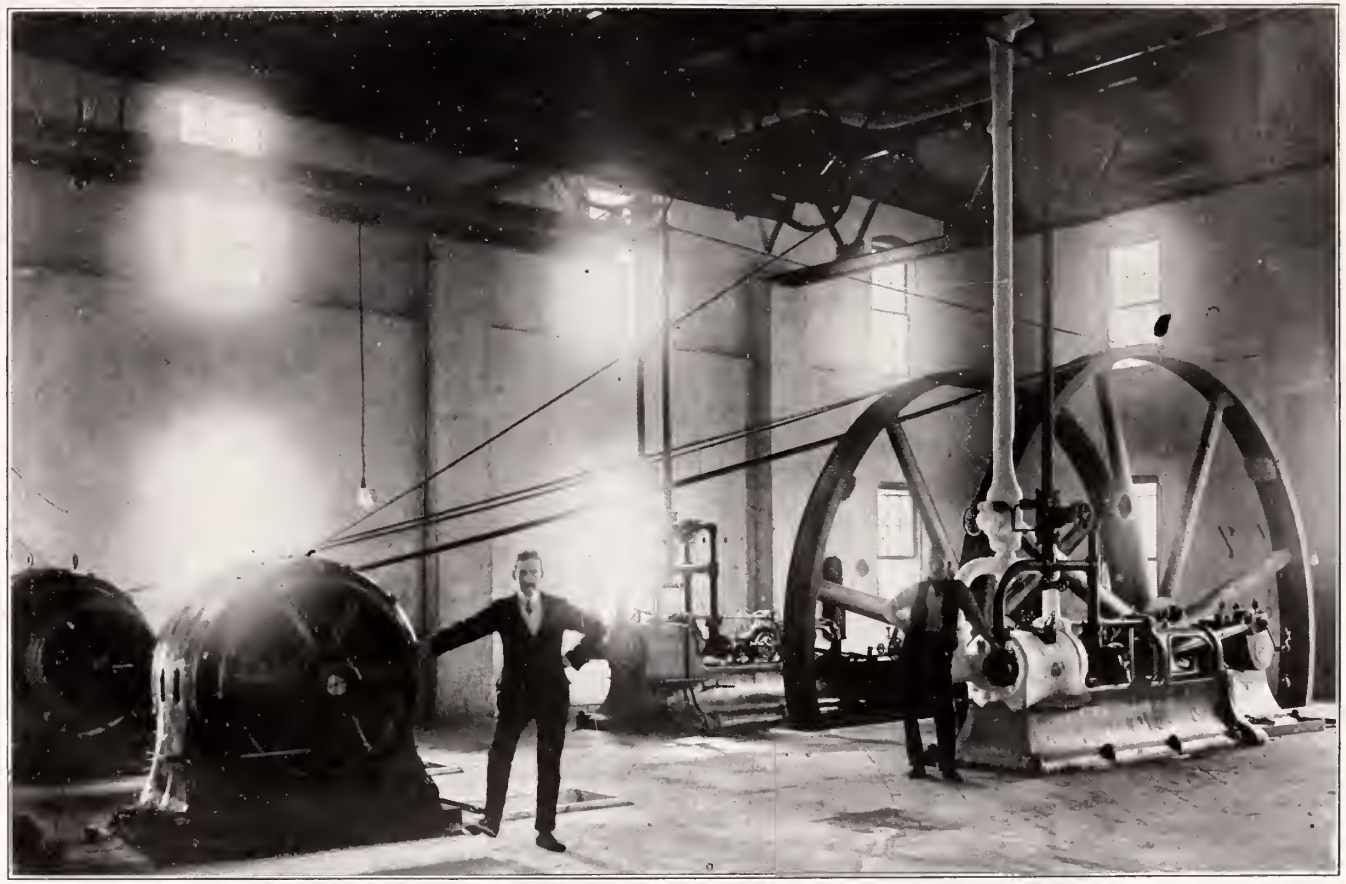
Group of three pictures showing partial view of stock yards, with the plant in the distance. In Picture No. 5*a*, the building marked "A" was used in the handling, splitting, and preparing of sheep pelts

PICTURE NO. 5*a*

Group of three pictures showing partial view of stock yards, with the plant in the distance. In Picture No. 5*a*, the building marked "A" was used in the handling, splitting, and preparing of sheep pelts

PICTURE NO. 6*a*

Group of three pictures showing partial view of stock yards, with the plant in the distance. In Picture No. 5*a*, the building marked "A" was used in the handling, splitting and preparing of sheep pelts



PICTURE NO. 7*a*

Group of three pictures showing partial interior views of machinery for ice making and refrigeration

PICTURE NO. 8*a*

Group of three pictures showing partial interior views of machinery for ice making and refrigeration

PICTURE NO. 9a

Group of three pictures showing partial interior views of machinery for ice making and refrigeration

PICTURE NO. 10a—PARTIAL VIEW OF PUMP HOUSE FOR WATER SYSTEM FOR PLANT AND FOR REFRIGERATION

Picture No. 11*a* is the old method of meat delivery at the time the Mexican National Packing Company began operations

Picture No. 12*a* shows some of insulated motor vans, especially designed and made for the Mexican National Packing Company and used by it for delivering meat to the butchers. These vans were dust and air proof and were the best constructed and most expensive delivery vans ever made up to 1907 in England

Picture No. 13*a* shows some of insulated motor vans, especially designed and made for the Mexican National Packing Company and used by it for delivering meat to the butchers. These vans were dust and air proof and were the best constructed and most expensive delivery vans ever made up to 1907 in England

PICTURE NO. 14*a*.—REPRESENTS PARTIAL VIEW OF RASTRO AND PACKING PLANT NORTH AND EAST

A.—Office building
B.—Basement, curing rooms; first floor, sales and cold storage rooms; second floor were installed experimental and testing laboratories
C.—Basement, hide curing room; first floor, Government inspection department where all meat was officially inspected and stamped with the seal of the Superior Board of Health of Mexico before it passed on to the refrigeration or sales rooms
D.—Basement, offal cleaning, pickling, preparing casings for sausage, etc.; first floor, rooms for slaughtering cattle, hogs, and sheep
E.—Building used for making lard, tallow, and the utilization of all by-products
F.—Building containing refrigerating and ice-making machinery, air compressors, electric transformers, boiler room, etc.
G, *H*.—Offal market from which the specially cleaned and prepared offal was sold daily to the poor people of Mexico City

PICTURE NO. 15*a*

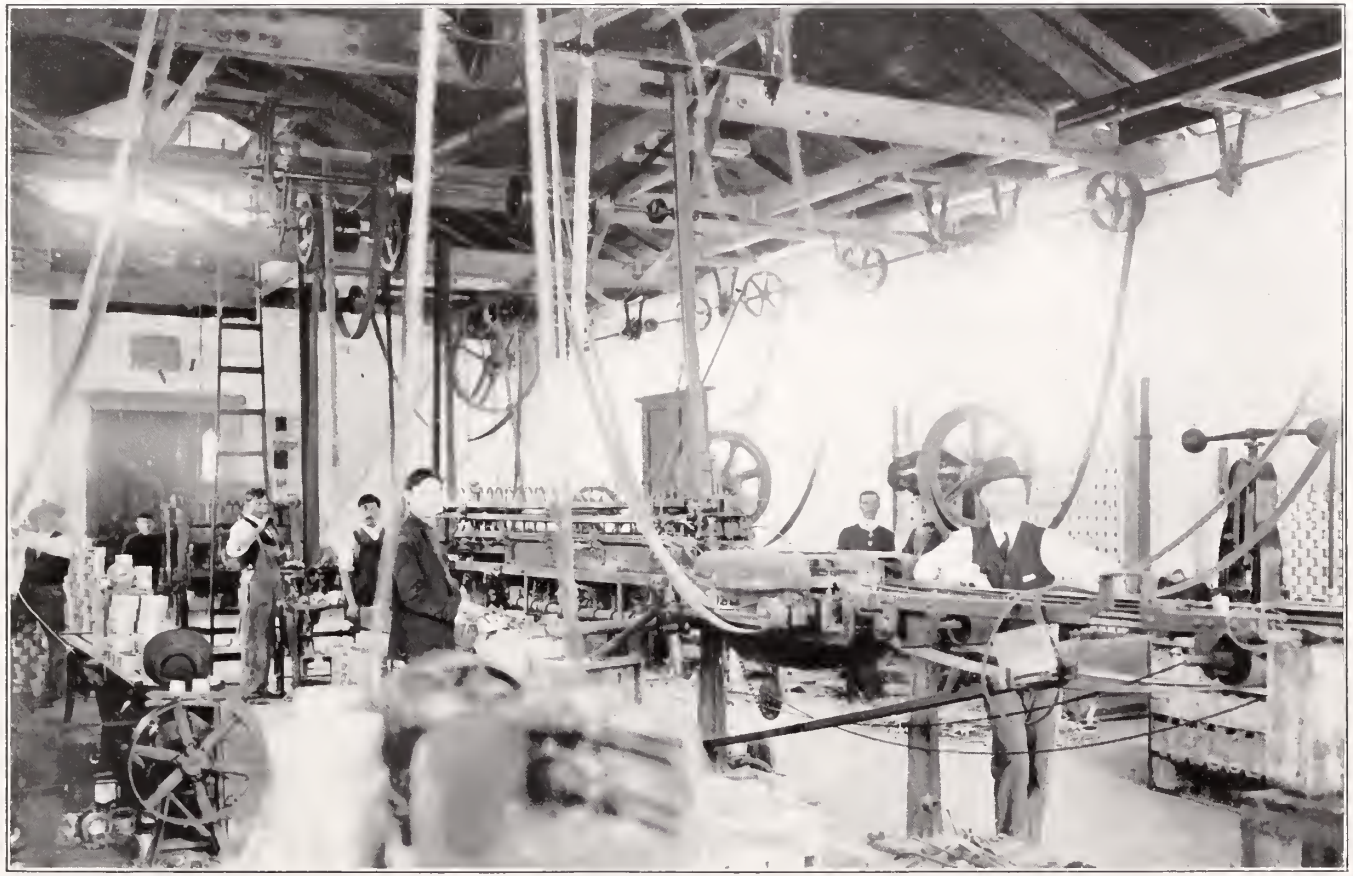
Government officials inspecting hogs in the inspection room at the Rastro

PICTURE NO. 16*a*

One of the street cars specially equipped and used by the packing company to ship its refrigerated meat to the towns in the Valley of Mexico outside Mexico City. Car stands in front of plant

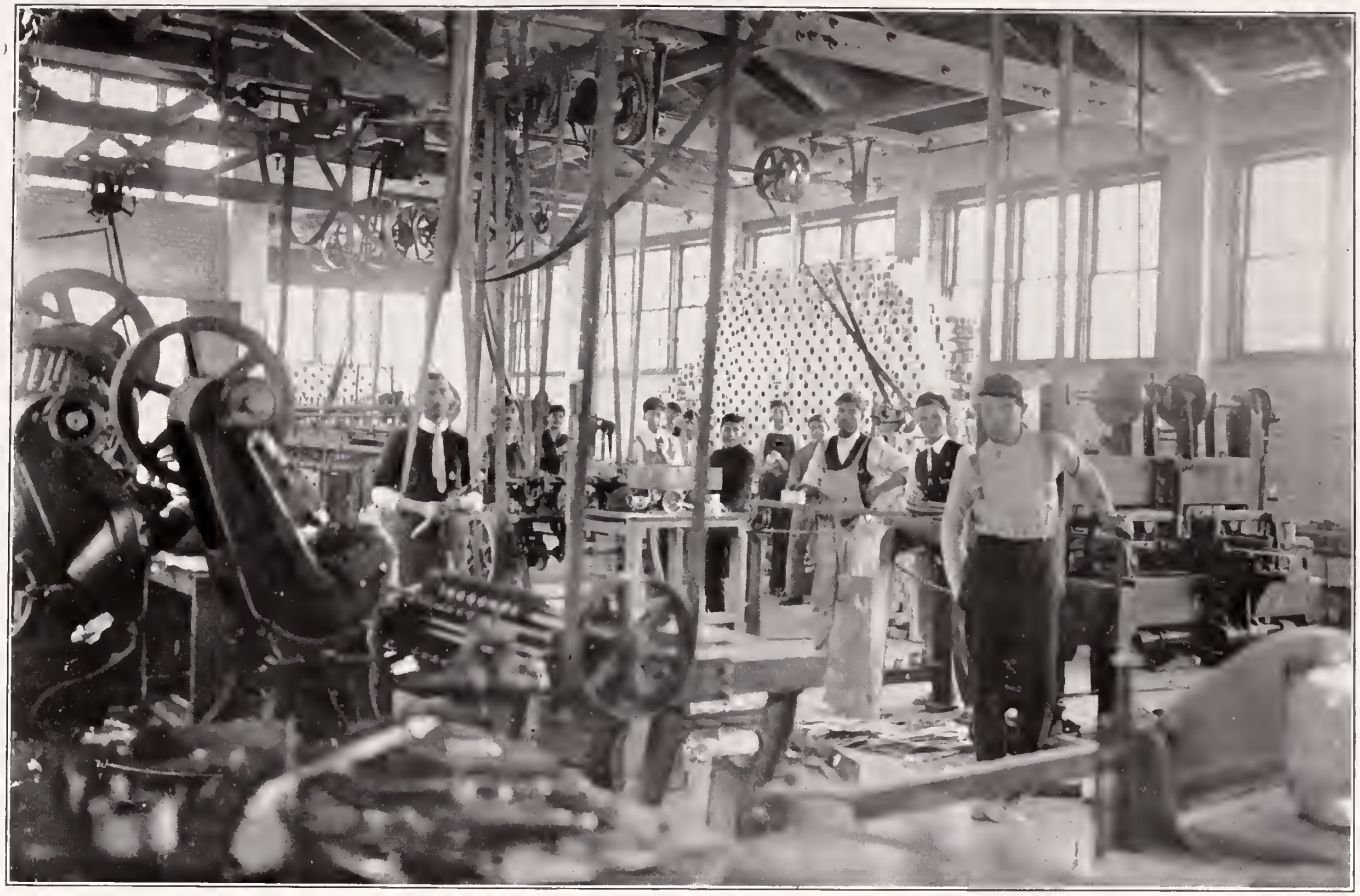
PICTURE NO. 17*a*

Shows a train of railway refrigerator cars belonging to the packing company. This train, standing in the grounds of the plant, is loaded with refrigerated beef ready to start for Vera Cruz for shipment to London



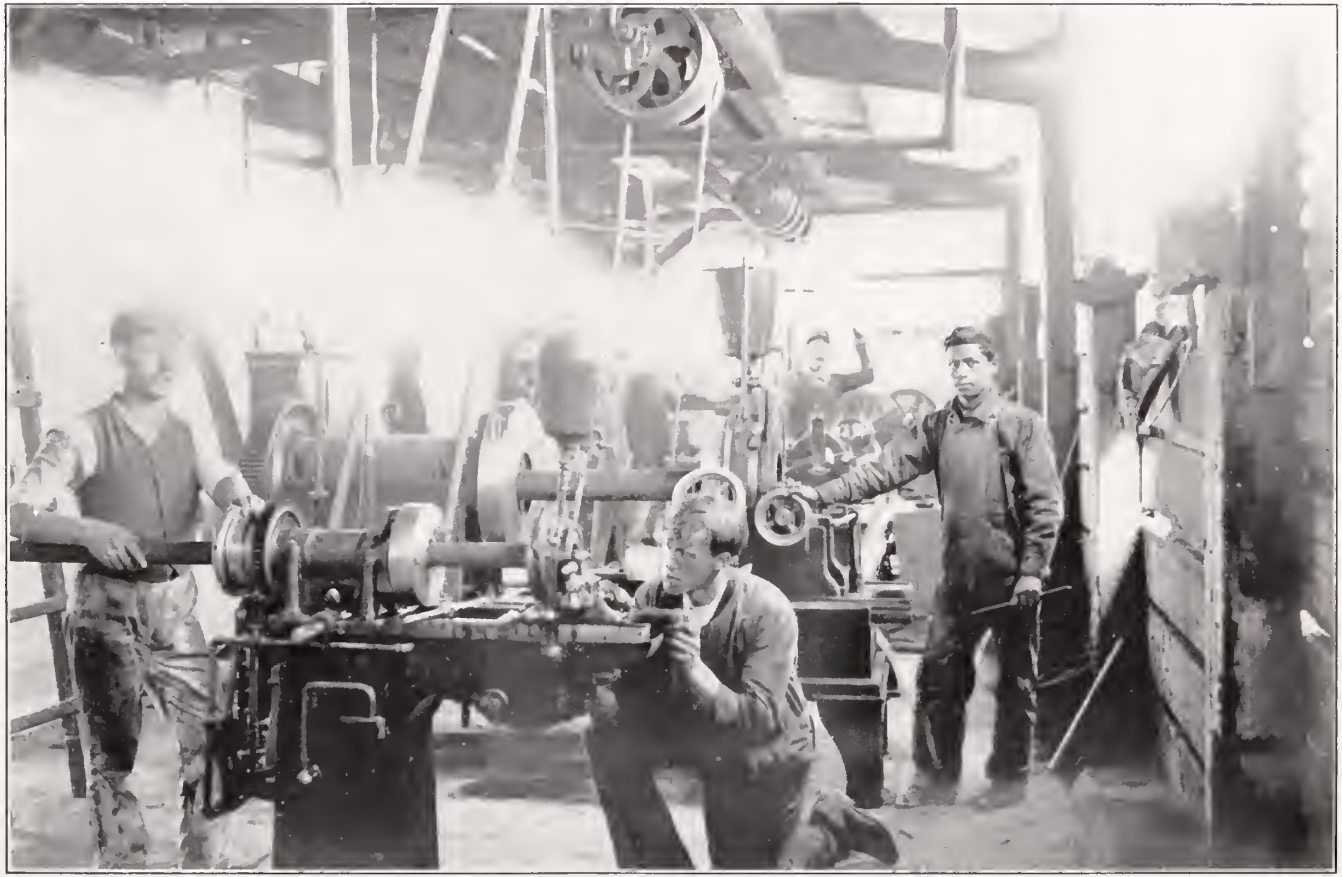
PICTURE NO. 18*a*

Interior views of portions of can-making plant and machine shop. These and all other departments of the plant were equipped with the most modern machinery and appliances, operated throughout by electricity, and adequate as to capacity, to slaughter and deal with double the average number of animals slaughtered and dealt with



PICTURE NO. 19*a*

Interior views of portions of can-making plant and machine shop. These and all other departments of the plant were equipped with the most modern machinery and appliances, operated throughout by electricity, and adequate as to capacity, to slaughter and deal with double the average number of animals slaughtered and dealt with



PICTURE NO. 20*a*

Interior views of portions of can-making plant and machine shop. These and all other departments of the plant were equipped with the most modern machinery and appliances, operated throughout by electricity, and adequate as to capacity to slaughter and deal with double the average number of animals slaughtered and dealt with

PICTURE NO. 21*a*

Office in Building A—Picture No. 14*a*, of Mexican Government meat inspectors at the Rastro, showing Doctor Mota, the Chief Inspector of the Superior Board of Health and members of his staff

PICTURE NO. 22*a*

Secretaries' room in general office (Building A) in Picture No. 14*a*. The rooms for the officials of the packing company were on the front at the right

Numbers 1b to 3b

PHOTOGRAPHS

OF THE

COLD STORE

AT

RANCHO DEL CHOPO

IN THE

CITY OF MEXICO

RANCHO DEL CHOPO, MEXICO CITY, PARTIAL VIEW. PICTURE NO. 1*b*

In this cold-storage plant was handled and sold the refrigerated meat shipped to Mexico City from the packing house at Uruapan. Until the purchase of the Rastro by the Packing Company in 1908 these shipments were one, two, and three special trainloads daily. At its inauguration in 1908 this cold-storage building, machinery, and equipment was recognized as the most modern cold-storage plant on the American Continent.

PICTURE NO. 2*b*

Loading meat at the platform at Rancho del Chopo, for delivery to the butchers in Mexico City

PICTURE NO. 3*b*

Interior view of one of the cold-storage rooms at Rancho del Chopo, Mexico City

ANNEX 8

Prospectus of the Mexican National Packing Company covering the issuance of Rastro Debentures, 1909

The Subscription List will open on Thursday, 29th April, and will be closed on or before Saturday, 1st May, 1909.

MEXICAN NATIONAL PACKING COMPANY

(Incorporated under the Laws of New Jersey, U. S. A.)

Trustees for the Rastro Debentureholders:

CAMPBELL P. OGILVIE, Chairman of the Santa Fé Land Company, Limited.

VINCENT W. YORKE, Chairman Mexican Railway Company, Limited.

SEBASTIAN CAMACHO, President of the National Bank of Mexico.

Board of Directors:

JOHN W. DE KAY, President, New York and Mexico.

SEBASTIAN CAMACHO, First Vice President; President of The National Bank of Mexico, Mexico.

GENERAL FERNANDO GONZALEZ, Governor of the State of Mexico, Toluca.

GEORGE I. HAM, President United States Banking Co., S. A., (Ltd.), Mexico City.

LUIS MENDEZ, President Mexican Government Railway Commission, Mexico City.

FRANCISCO ALFARO, Member of Mexican Congress, Mexico City.

CARLOS DE LANDA Y ESCANDON, Mexico City.

J. F. URIARTE, Member of the Mexican Senate, Mexico City.

H. P. CHESLEY, Mexico City.

J. R. TURNER, Jersey City, U. S. A.

49085—27——20

Expert Adviser to the Board:

JOHN CANSFIELD, General Manager of Lipton Limited, London, E. C.

Bankers:

GLYN, MILLS, CURRIE AND COMPANY, 67, Lombard Street, E. C.

Brokers:

London: CAPEL-CURE and TERRY, 3, Tokenhouse Buildings, E. C.; PIM, VAUGHAN & Co., 1, Drapers' Gardens, E. C.
Glasgow: MOFFAT & MARTIN, 31, St. Vincent Place.

Legal Advisers:

London: LINKLATER and Co., 2, Bond Court, Walbrook, E. C.; SLAUGHTER and MAY, 18, Austin Friars, E. C.
New York: GUGGENHEIMER, UNTERMYER and MARSHALL, 37, Wall Street.
Mexico City: Lic. LUIS MENDEZ; Lic. JOAQUIN D. CASASUS; Lic. FRANCISCO ALFARO.

ISSUE OF £500,000 SIX PER CENT. FIRST MORTGAGE RASTRO DEBENTURES OF £100 EACH, REPAYABLE AT 105 ON OR BEFORE 31ST DECEMBER, 1926.

(£1,000 per week will as stated in "(c)" below be remitted to the Bankers of the Trustees for the exclusive service of this issue.)

THE BRITISH AND MEXICAN TRUST COMPANY, LIMITED, Winchester House, E. C., offer for sale the above-mentioned £500,000 Six per cent. First Mortgage Rastro Debentures of the Mexican National Packing Company at Par, payable as follows:

£10	0	0	on Application.
15	0	0	" Allotment.
25	0	0	" the 15th day of May, 1909.
25	0	0	" the 15th day of June, 1909.
25	0	0	" the 15th day of July, 1909.
£100	0	0	per £100 Debenture.

or payment in full may be made on the due date of any instalment under discount at the rate of Four per cent. per annum.

Debentures will be issued in denominations of £100, payable to bearer, and Interest will be paid half-yearly by Coupons on the 1st April and 1st October in each year; the first payment of a full half-year's Interest being due on the 1st October, 1909. Principal, Premium, and Interest will be payable in Sterling in the City of London.

Scrip Certificates to Bearer will be issued against Bankers' receipts and allotment letters, to be exchanged, on completion of all payments for Debentures when they are ready for delivery of which due notice will be given.

The debentures are to be secured:

(a) By a First Mortgage upon upwards of 25 acres of freehold land in the City of Mexico, on part of which is erected the only Rastro or Abattoir permitted by the Government of the Republic in Mexico City (which has a population of about 450,000) and upon the Rastro Plant and Concessions and the entire property of the Mexico City Rastro Company, S. A. (Limited), now being acquired by the Mexican National Packing Company and which (inclusive of the amount payable to the Government for part of the above-mentioned freehold land but otherwise apart from the new Concession granted by the Government of Mexico, dated 22nd October, 1908, and which is included in the mortgage), have cost the vendors to the Mexican National Packing Company upwards of £300,000 in cash; and

(b) By a deposit with the above-named Trustees of $2,500,000 of the 6 per cent. Consolidated (now first mortgage) gold bonds of the Mexican National Packing Company. These bonds are part of an issue of $10,000,000 of which $5,000,000 have been issued and the remaining $2,500,000 are in the Treasury of the Company.

(c) By the covenant of the Mexican National Packing Company to remit, weekly, to the Bankers of the Trustees (Messrs. Glyn, Mills, Currie and

Company, London) the same amount which, as the owner of the Rastro undertaking, it will pay as a tax on its Meat and other animal products consumed in the Federal District to the Government of Mexico. The tax previously levied by the Government on all the meat and other animal products consumed in the Federal District was, in December, 1908, reduced upon all such meat and products by one-half, so that hereafter of the amount of the tax previously levied on such products of the Company one-half being the equivalent of the reduced tax will be paid to the Government, and the other half will be remitted, weekly, for the exclusive service of this issue, and to the extent to which and while this amount is less than the £1,000 per week mentioned above, the Mexican National Packing Company will make up the remittance to £1,000 per week. By the above mentioned Concession of 22nd October, 1908, granted to the Rastro Company, the Government agreed that as regards the Meat and other animal Products of the Company this reduced tax shall not be increased until after 31st December, 1926.

The Mexican National Packing Company (hereinafter called the Packing Company) operates under Concessions from the Federal Government of Mexico, conferring on the Company for the entire Republic exclusive exemptions from Federal taxes, and owns tax-exempting Concessions granted by the States of Michoacan, Vera Cruz, and Nuevo Leon. With the express authority of the Government of Mexico, the Packing Company is acquiring the entire undertaking of the Mexico City Rastro Company, S. A. (Ltd.), which owns exclusive Concessions for Mexico City granted by the Government of Mexico, and will own and operate the only Rastro (abattoir) allowed in Mexico City.

In his message to Congress, in April 1908, PRESIDENT DIAZ stated that:

"Among the various Concessions that have been granted for the establishment of new industries in

this country, I must make special mention of that of the Mexican National Packing Company, which has completed at Uruapan, Michoacan, and at Rancho del Chopo, Federal District, a system of Packing House, Refrigerators, and Factories for by-products, constituting a Plant which was officially accepted in December last as satisfying the requirements of the Concession. OPERATIONS WERE STARTED IN JANUARY LAST WITH BENEFICIAL RESULTS TO PUBLIC HEALTH."

The Concessions granted to the Packing Company and to the Rastro Company by the Government of Mexico, and approved by the Senate and Chamber of Deputies, provide that until December 31st, 1926

(a) All the cattle, pigs, sheep and goats slaughtered in the City of Mexico shall be slaughtered in the Abattoir of the Rastro Company, and that no other Abattoir or Slaughter-House can be erected or operated in Mexico City.

(b) That, with the approval of the Federal Government, Branch Cold Stores and Retail Shops, may be established in all parts of the Republic, with freedom from import duties upon machinery and equipment, and with exemption from all direct Federal taxation except the Federal Stamp Tax.

(c) That the Federal Government shall not impose any taxes upon any of the meat products of the Rastro Company consumed anywhere in the Republic or exported, except in the Federal District, and that in such district this tax shall never exceed 1¼ c. per kilo on beef and pork products, and 2 c. per kilo on sheep and goat products consumed in the Federal District.

(d) That all the capital, shares, bonds, buildings and other properties of the Companies shall be free from every kind of Federal Taxes, with the exception of the Stamp Taxes.

(e) That the Rastro Company shall, as called upon to do so, slaughter for the public and have the right

to collect for its own account a fixed charge per head upon all animals so slaughtered.

The taxes specified in (c) above are one half of the taxes previously in force and collected regularly by the Government at the Rastro in Mexico City upon the meat products of all animals slaughtered, and the reduction of this tax amounts upon the basis of present consumption in the Federal District, to more than £52,000 per annum, taking the exchange at $9.60 to the £. According to the official figures given below and supplied to the Company by the Mexican Government, these taxes for the 18 months ended 31st December, 1908, amounted to 1,521,200 dollars, Mexican currency (equivalent to more than £158,000 Sterling), or at the rate of £105,000 per annum, so that if and when by the expansion of their existing trade the amalgamated undertakings of the Rastro Company and the Packing Company (keeping well within the present killing capacity of the Rastro only) are killing for their own account, all the cattle, pigs, sheep, and goats consumed in the Federal District, the amount of the reduction of the tax secured for the Rastro Company until the 31st December, 1926, by its Concession of 22nd October, 1908, would be upwards of £52,000 a year.

It will be seen from the following figures, supplied by the Mexican Government, that the amount of taxes collected on the meat consumed in the Federal District and the number of animals slaughtered are increasing.

Fiscal Year from July, 1904, to June, 1905	$791, 542. 98
Fiscal Year from July, 1905, to June, 1906	904, 560. 93
Fiscal Year from July, 1906, to June, 1907	951, 073. 17
July, 1907, to 31st December, 1908, 18 months	1, 521, 200. 00

Mexican Currency: $9.60 equals £1.

There were consumed in the Federal District in calendar years 1905, 1906, 1907 and 1908, the following:

	1905	1906	1907	1908
Cattle	129, 688	123, 655	153, 994	156, 834
Pigs	75, 640	68, 324	88, 644	93, 016
Sheep and Goats	175, 640	168, 469	210, 357	189, 468
	380, 968	360, 448	452, 995	439, 318

The Federal District includes Mexico City and suburbs and contains a population of about 600,000.

The Rastro property, which was previously operated by the Rastro Company under a Licence from the Government, is being purchased in perpetuity from the Government under special Act of Legislation of the Federal Congress.

The Packing Company on the 5th February, 1909, entered into an agreement with Lipton Limited, London, in which amongst other things it is provided for fifteen years as follows:

1) The Packing Company is appointed Sole Agent for Lipton Limited, in the Republic of Mexico, and may sell through each of its branches and retail shops all products of Lipton Limited.

(2) Lipton Limited are to act as General Sales Agents of all products exported (other than Hides) of the Packing Company in all parts of the world except Mexico, and will use their best endeavours to promote the sale thereof.

(3) The Packing Company has the right to add "Lipton's" to its registered Trade Mark as supplied to all products sold to Lipton Limited and in all other cases the Packing Company may with the approval of Lipton Limited add "Liptons" in connection with such Trade Mark.

(4) Lipton Limited agree that (at the request of the Packing Company) they will supply suitable men to fill the following positions:—

General Superintendent.

One Expert for each of the Curing and Tinning plants.

Manager for each Branch Cold Store and Shop.

Accountant for each of the Plants.

(5) Lipton Limited agree to the appointment of John Cansfield, Esq., General Manager of Lipton Limited, or any other Director and Manager, for the time being, to the post of Expert Adviser to the Board of the Packing Company during the currency of the agreement.

Mr. Cansfield has addressed the following letter to Mr. De Kay:—

JOHN W. DE KAY, ESQ.,
London.

LONDON, E. C., *13th April, 1909.*

"DEAR SIR: I have carefully gone into the terms of your Concessions, together with the estimates and expenses submitted to me of the business of the Mexican National Packing Company. I have no hesitation in saying that under good management your business is capable of extraordinary development and can be made one of the most profitable meat concerns in the world.

"Yours truly,

"JOHN CANSFIELD."

The British and Mexican Trust Company, Ltd. are the Vendors to the Packing Company of the Rastro Plant Concessions property and assets of the Rastro Company. The net proceeds of this issue will be received by the Vendors and applied to the provision of the amounts paid and payable by them for the acquisition of the Rastro undertaking, the freehold Land being purchased from the Mexican Government, and additions to the plant and equipment and the whole of the balance will be paid over by the Vendors for the general purposes of the undertaking, including working capital.

Messrs. S. CAMACHO, President of The National Bank of Mexico, Mexico City; GEO. I. HAM, President, The United States Banking Co., S. A., Mexico City, and JOHN W. DE KAY, President, Mexican National Packing Company, furnish the following additional information with respect to the position of the undertakings which are being amalgamated:

"MEXICO CITY, *2nd April, 1909.*

To The BRITISH & MEXICAN TRUST COMPANY, LTD.,
London, E. C.

"DEAR SIRS: The Packing Company owns and operates a thoroughly modern freehold Packing Plant at Uruapan, Michoacan, including extensive Refrigerating and Ice-making Machinery and Canning Plant, and is equipped with

modern machinery and appliances for the slaughtering annually of 225,000 cattle and the same number each of pigs and sheep, and for the manufacture of the by-products resulting therefrom. It is operated throughout by electricity generated from the water power granted in perpetuity to the Company by the State and which is free for nineteen years. It also owns Cold Stores, Markets and Shops equipped with modern refrigerating in the Cities of Mexico and San Luis Potosi, and is undertaking the establishment of similar Markets and Shops in other parts of the Republic. Its products are transported to the various markets in its own refrigerator Cars.

"The Rastro in the City of Mexico has an annual capacity of 220,000 cattle, 200,000 pigs, and 250,000 sheep, and until the Packing Company began its operations was supplying the meat consumed in the City of Mexico. This plant now has modern refrigeration, and a thoroughly equipped modern plant for the manufacture of all of the tin cans and packing cases required for home and export trade.

"The primary considerations to the Mexican Government for granting the important Concessions recently passed by the Federal Congress and for extending until December 31st, 1926, the Concessions and privileges granted to the Mexican National Packing Company, which have had a like approval by the Congress, were the placing of the meat supply of Mexico upon a sanitary basis, and immediately giving to some of the principal cities and towns outside of the City of Mexico the benefit of the pure meat products, which the Mexican National Packing Company has been supplying to the public in the City of Mexico from its modern packing house at Uruapan, and the products of which have from the beginning been received with great favour by the public.

"The amalgamation of the Rastro Company undertaking, including its exclusive Government Concessions for the City of Mexico, with the Mexican National Packing Company will enable the Packing Company to distribute the products of the Uruapan Plant to meet the existing demand of some of the cities outside the Federal District, and the Company

will supply the demand in the City of Mexico and Suburbs from the established Rastro Plant in Mexico City.

"These two undertakings have heretofore been in competition, but with the remodelled plant in the City of Mexico working in harmony as a part of the Packing Company, Mexico will have the benefits which are to be derived from the distribution of the Company's refrigerated pure meat products over a wider area than has heretofore been possible, and the undertaking as such, will be able to retain the trading profits which have hitherto been sacrified, and substantial economies will now be effected.

"Based upon our actual experience as to the first cost and manufacturing outlay for all products and the prices at which these products have for years past been selling in Mexico City under normal conditions, the amalgamated Companies will (without taking into account the saving of taxes effected under their Concessions from the Government) earn an annual net profit largely in excess of the sum required to meet all of the fixed charges of the undertaking, including all interest charges, and will provide a substantial reserve."

S. Camacho.
Geo. I. Ham.
John W. de Kay.

The Trust Deed to secure this issue of Rastro Debentures of the Packing Company will provide that there shall be paid to the Trustees weekly instalments of not less than £1,000 for the exclusive service of Interest and Sinking Fund of this issue of Rastro Debentures of the Packing Company. The proceeds of the weekly remittances will be applied by the Trustees in the first instance to the payment of the half-yearly interest, and the surplus will be available for the redemption of Debentures by half-yearly drawings at 105 and accrued interest, commencing in April, 1910. Power is reserved to redeem the whole or any part of the Debentures at any time at 105 per cent., on giving six months' notice.

The Draft (subject to revision) of the proposed Trust Deed and a translation of the concessions from the Government of Mexico above-mentioned can be seen by intending

subscribers at the Offices of Messrs. Linklater & Co., 2, Bond Court, Walbrook London, E. C., and at the Offices of Messrs. Slaughter & May, 18, Austin Friars, London, E. C., whilst the Subscription List remains open.

It is intended to apply to the Stock Exchange for an official quotation of the Debentures.

Applications should be made on the accompanying form and forwarded with a cheque for the amount payable to the Bankers, Messrs. Glyn, Mills, Currie and Company.

A brokerage of ½ per cent. will be paid on allotments made in respect of applications bearing brokers' stamps.

If no allotment is made the deposit will be returned in full, and where the number of Debentures alloted is less than that applied for, the surplus will be credited towards the amount payable on allotment, and the balance (if any) will be returned to the applicant. Failure to pay any instalments when due will render all previous payments liable to forfeiture.

Prospectuses and Forms of Application may be obtained from the Bankers, Messrs. Glyn, Mills, Currie & Company, 67, Lombard Street, London, E. C., the Brokers, Messrs. Capel-Cure & Terry, 3, Tokenhouse Buildings, London, E. C., Messrs. Pim. Vaughan & Co., 1, Drapers' Gardens, E. C., Messrs. Emberson & Hughes, 4, Drapers' Gardens, E. C., Messrs. Billett, Campbell & Grenfell, 3, Throgmorton Avenue, E. C., and from The British and Mexican Trust Company, Limited, 197, Winchester House London, E. C.

London, 28th April, 1909.

ANNEX 9

Letter dated October 22, 1908, from Fernando Gonzalez to John W. de Kay.

For full text of this Annex, see Memorial, pp. 18–19.

The original of this Annex is deposited with the American Agency and is available to the Commission or to the Agent for the United Mexican States.

ANNEX 10

Copy of "The Mexican Herald" dated Thursday, October 7, 1909, containing cartoon and article regarding the marketing of "popo" meats in England.

For full text of this Annex, see Memorial pp. 24–5.

The original of this Annex is deposited with the American Agency and is available to the Commission or to the Agent for the United Mexican States.

ANNEX 11

Copies of advertisements in Mexican newspapers.

From Mexico City Newspapers, November, 1909

Compañía Empacadora Nacional Mexicana

To the Public and to the Owners of Meat Markets in the City of Mexico.

Beginning Monday morning, October 26, at 6:30 o'clock, the famous "POPO" Refrigerated meats will be on sale at the cold storage warehouse of the MEXICAN NATIONAL PACKING COMPANY in Rancho del Chopo, City of Mexico.

Experience has demonstrated that the "POPO" Refrigerated Meats, as prepared in the great modern packing house of the MEXICAN NATIONAL PACKING COMPANY, at Uruapan, being of superior quality and having obtained a standard of excellence of their own, should be sold from the cold storage branch where this standard of excellence became well known to the public, and until the Rastro of the City of Mexico has been entirely converted into a modern packing house, and the entire system effective at Uruapan is made effective in the handling of the company's products at the Rastro, the "POPO" Refrigerated Meats will not be sold at the Rastro.

The Rastro de la Ciudad de Mexico, S. A., by signing this advertisement by its president, and the MEXICAN NATIONAL PACKING COMPANY, by signing this advertisement by its president, announces that the control assumed by the MEXICAN NATIONAL PACKING COMPANY over the Rastro de la Ciudad de Mexico, S. A., has not in any manner diminished or changed, and will not in the future.

The undersigned wholesale dealers in meat hereby request their patrons throughout the city and the owners of meat markets in general in Mexico City to come to the cold storage warehouse of the MEXICAN NATIONAL PACKING COMPANY, at Rancho del Chopo, for their products daily, beginning Monday, October 26, 1908.

The cold storage warehouse at Rancho del Chopo will be open for business from 6.30 o'clock in the morning until 6.30 o'clock in the evening, every day in the week except Sunday.

Rastro de la Ciudad de Mexico, S. A.
By: JOHN W. DEKAY,
President.

Mexican National Packing Company
By: JOHN W. DEKAY,
President.

J. FERNANDEZ.
GONZALEZ HERMANOS.
C. B. ESCOBEDA.
FELIPE ESPEDA.
J. P. ALVAREZ.
H. REQUINI Y HERMANOS.
FCO DE LA VEGA.
P. P. A. FELGUERES.
E. ORTEGA.
RAMON MIRELES.
P. P. INOCENCIO DE LA VEGA.
OCTAVIO DE LA VEGA.
ERNESTO SOSA.
AGUSTIN CORREA.
FERNANDEZ Y ESPINOS.

POPO
CARNES SANAS

Reproduced from the Newspapers of Mexico of *October 23rd, 1908,*

[OVER.

Compañia Empacadora Nacional Mexicana

TO THE PUBLIC AND TO THE OWNERS OF MEAT MARKETS IN THE CITY OF MEXICO

Beginning Monday morning, October 26, at 6:30 o'clock, the famous "Popo" Refrigerated meats will be on sale at the cold storage warehouse of the Mexican National Packing Company in Rancho del Chopo, City of Mexico.

Experience has demonstrated that the "Popo" Registered Meats, as prepared in the great modern packing house of the Mexican National Packing Company, at Uruapan, being of superior quality and having obtained a standard of excellence of their own, should be sold from the cold storage branch where this standard of excellence became well known to the public, and until the Rastro of the City of Mexico has been entirely converted into a modern packing house, and the entire system effective at Uruapan is made effective in the handling of the company's products at the Rastro, the "Popo" Refrigerated Meats will not be sold at the Rastro.

The Rastro de la Ciudad de Mexico, S. A., by signing this advertisement by its president, and the Mexican National Packing Company, by signing this advertisement by its president, announces that the control assumed by the Mexican National Packing Company over the Rastro de la Ciudad de Mexico, S. A., has not in any manner diminished or changed, and will not in the future.

The undersigned wholesale dealers in meat hereby request their patrons throughout the city and the owners of meat markets in general in Mexico City to come to the cold storage warehouse of the Mexican National Packing Company, at Rancho del Chopo, for their products daily, beginning Monday, October 26, 1908.

The cold storage warehouse at Rancho del Chopo will be open for business from 6:30 o'clock in the morning until 6:30 o'clock in the evening, every day in the week except Sunday.

Rastro de la Ciudad de Mexico, S. A.
By: John W. deKay, *President*

Mexican National Packing Company,
By: John W. deKay, *President*

J. Fernandez.
Gonzalez Hermanos.
C. B. Escobeda.
Félipe Zepeda.
J. P. Alvarez.
R. Requini y Hermanos.
Pco. de la Vega.
P. P. A. Felguerez.
Z. Ortega.
Ramon Mireles.
P. P. Inocencio de la Vega.
Octavio de la Vega.
Ernesto Soga.
Agustin Correa.
Fernandez y Espinos.

"Popo" Carnes Sanas.

Reproduced from the Newspapers of Mexico of October 23rd, 1908.

NOTE.—The foregoing announcement, appearing in the press more than three months after the Mexican National Packing Company had signed the announcement of 13th July, 1908, with twelve of the above named firms and individuals shows:

(1) That those who had controlled more than eighty per cent of the meat business in Mexico City before the Mexican National Packing Company's plant at Uruapan began operations were so convinced that the Packing Company's meat was the only safe meat for the public to buy that they thus went on record before the public in the Press of Mexico City;

(2) That even after the Mexican National Packing Company had purchased the Rastro and was operating it as a part of the Packing Company's business, it did not and would not sell any meats to the public except the refrigerated meat from the Uruapan Packing House until the Rastro in Mexico City was placed upon a footing enabling it to produce meat of the high standard set by the Packing House at Uruapan; and

(3) *That the ones who thus publicly certified to the great position and importance attained by the Mexican National Packing Company were its former competitors who—as the public well knew—were the highest Mexican authority upon all the questions involved in the cattle and meat business of Mexico.*

Compañia Empacadora Nacional Mexicana

Statement to the Public About POPO MEATS from People Who Ought to Know.

(Translation)

To The Public.

WE, the undersigned, having devoted our lives to the meat business of the Federal District, as introductors of cattle and dealers in meat at the Rastro in this City, and having carefully watched the progress and public reception of "POPO" meats, and having studied the system of the Mexican National Packing Company and its method of handling and selling clean, pure, refrigerated meats, and having become satisfied that only by the system which the Mexican National Packing Company has in force is the public enabled to get good meats. We have closed a contract with the Mexican National Packing Company for five years under the terms of which we are not to be interested directly or indirectly in the slaughter of any cattle in any part of the Republic, the undersigned agreeing to sell exclusively meat from the Mexican National Packing Company, thus guaranteeing to our large clientele of meat markets the delivery of pure, clean, refrigerated "POPO" meats.

These meats are prepared by the most modern methods in one of the finest Packing Houses in the world, situated at Uruapan, Michoacan, and are brought to this city in the private refrigerated cars owned by the Mexican National Packing Company. From the time the animals are killed under the new system of the Mexican National Packing Company until the meat reaches the public in the City of Mexico, and elsewhere in the Republic, it is in continuous refrigeration at uniform and low temperature, thus insuring the public against the dangers of improperly prepared and unrefrigerated meats.

The undersigned hereby invite cattle-owners throughout the Republic to address themselves direct to the Company, with the assurance that they will be treated, as we have been treated, which is with the greatest fairness and liberality.

MEXICO, D.F., 13th July, 1908.

Signed by the following persons—

FELIPE ZEPEDA.	J. FERNANDEZ.	FCO. DE LA VEGA.
AGUSTIN CARRERA.	RAMON MIRELES.	FCO. DE P. ALVAREZ.
A. ESPINOSA	ERNESTO SOSA.	GONZALEZ HNOS.
INOCENCIO DE LA VEGA.	P. GONZALEZ.	E. ROQUENI.

The Famous POPO meats supplied by

Mexican National Packing Company

THE GOVERNMENT INSPECTED MEATS

THE GREAT NATIONAL FOOD INSTITUTION

POPO CARNES SANAS

Reproduced from the Newspapers of Mexico of *October 18th, 1908.*

COMPAÑIA EMPACADORA NACIONAL MEXICANA

Statement to the Public About POPO MEATS from People Who Ought to Know.

(Translation)

TO THE PUBLIC

We, the undersigned, having devoted out lives to the meat business of the Federal District, as introductors of cattle and dealers in meat at the Rastre in this City, and having carefully watched the progress and public reception of "POPO" meats, and having studied the system of the Mexican National Packing Company and its method of handling and selling clean, pure, refrigerated meats, and having become satisfied that only by the system which the Mexican National Packing Company has in force is the public enabled to get good meats. We have closed a contract with the Mexican National Packing Company for five years under the terms of which we are not to be interested directly or indirectly in the slaughter of any cattle in any part of the Republic, the undersigned agreeing to sell exclusively meat from the Mexican National Packing Company, thus guaranteeing to our large clientele of meat markets the delivery of pure, clean, refrigerated "POPO" meats.

These meats are prepared by the most modern methods in one of the finest Packing Houses in the world, situated at Uruapan, Michoacan, and are brought to this city in the private refrigerated cars owned by the Mexican National Packing Company. From the time the animals are killed under the new system of the Mexican National Packing Company until the meat reaches the public in the City of Mexico, and elsewhere in the Republic, it is in continuous refrigeration at uniform and low temperature, thus insuring the public against the dangers of improperly prepared and unrefrigerated meats.

The undersigned hereby invite cattle-owners throughout the Republic to address themselves direct to the Company, with the assurance that they will be treated, as we have been treated, which is with the greatest fairness and liberality.

MEXICO, D. F., 13th July, 1908.

Signed by the following persons—

Felipe Zepeda.	J. Fernandez.	Fco. de la Vega.
Agustin Carrera.	Ramon Mireles.	Fco. de P. Alvarez.
A. Espinosa.	Ernesto Sosa.	Gonzalez Hnos.
Inocencio de la Vega.	P. Gonzalez.	E. Roqueni.

The Famous POPO meats supplied by Mexican National Packing Company.

The Government Inspected Meats

THE GREAT NATIONAL FOOD INSTITUTION

"POPO" CARNES SANAS.

Reproduced from the Newspapers of Mexico of *October 18th, 1908.*

NOTE.—The twelve firms and individuals signing the foregoing announcement on 13th July, 1908 had, prior to the opening of the Uruapan Plant of the Mexican National Packing Company in January 1908, controlled for many years about eighty per cent of the meat business of Mexico City.

At the time of the signing of the above announcement, in July 1908, the Mexican National Packing Company and the above firms and individuals had practically the whole of the meat business in Mexico City. The above announcement to the public was an explanation on part of the individuals and firms, that:

(1) *Because the Mexican National Packing Company meats were the only good and pure meats obtainable they would no longer deal in any other meat or conduct the meat business on their own account;* and

(2) *That they withdrew from the purchase of livestock and invited the cattle owners throughout the Republic to deal direct with the Company, assuring them of the fairness and liberality of the Company.*

From Mexico City Newspapers, April, 1909.

Compañia Empacadora Nacional Mexicana

"Popo" Carnes Sanas

TO THE PUBLIC

This company renews its thanks to the public for the discrimination which the public has shown in insisting upon "Popo" Refrigerated Meats.

It is not possible to place too much stress upon the meat products which enter the homes of Mexico and it is not out of place to point out the dangers which result from anything except meat prepared under our modern and scientific methods and properly refrigerated.

In this climate particularly no meat should be consumed except refrigerated meat prepared under the system used by this Company in its great modern packing house at Uruapan and brought to this city in the private refrigerator car line of this Company.

If your butcher does not sell "POPO" Refrigerated Meat, you can purchase it at right prices and have it delivered regularly at any hour you designate from The National Markets.

San Juan de Letran, 13 and 1a. Calle de Vienna 7

Insist upon the famous "POPO" Refrigerated Meats.

Mexican National Packing Company

Executive Offices, Edificio de la Mexicana, Mexico, D. F.

The Government Inspected Meats

3/20 MR
THE NATIONAL MARKETS.

Tiempo 3/17 T.C.M.P

From Mexico City Newspapers, April, 1908.

English translation appears on next page.

[Translation]

Mexican National Packing Company

TO THE CATTLE GROWERS OF THE REPUBLIC

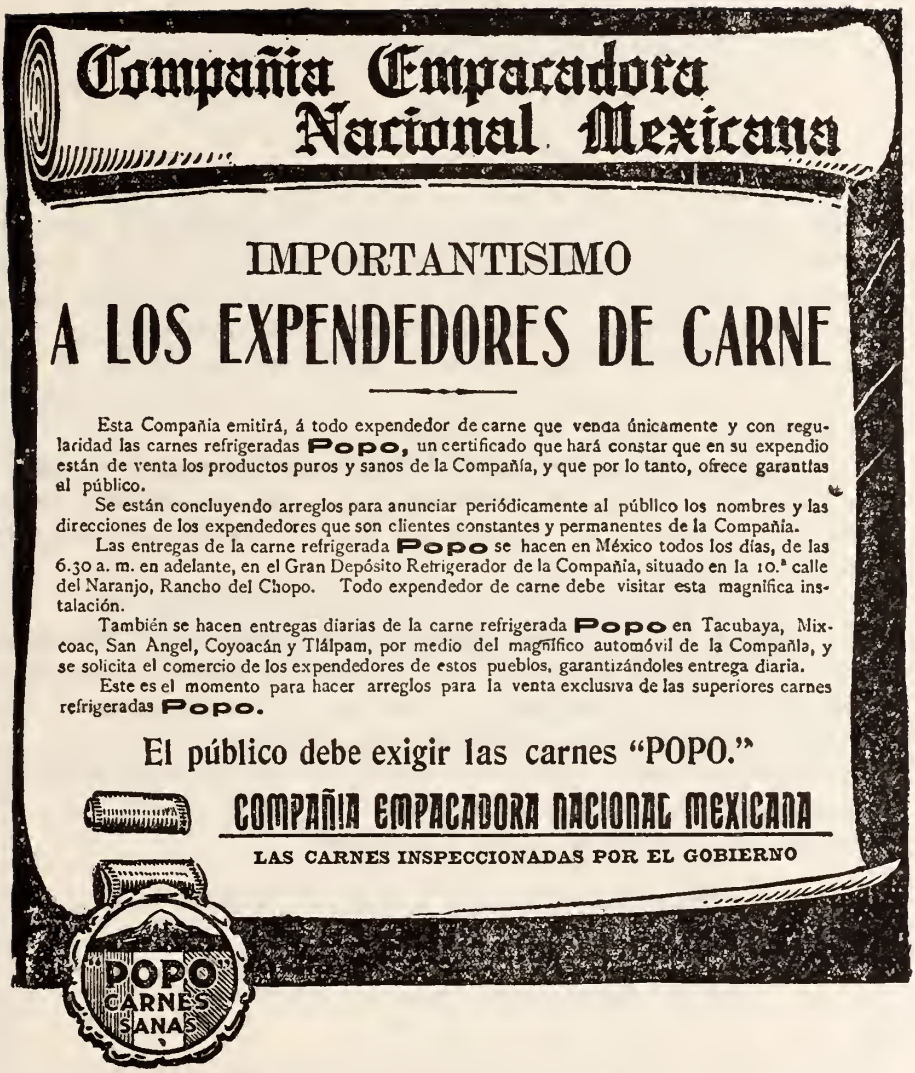
This company thanks the cattle growers of the Republic for the great interest which they have taken in its work in the interest of the cattle industry of the country.

The Company renews its promises to treat with equity and justice the cattle growers throughout the Republic and with the greatest possible speed to attend individually to all of the communications which it has received from various parts of the Republic.

The Company will buy at just prices and pay in cash all the cattle, hogs and sheep accessible to the great packing house of Uruapan.

The Company solicits correspondence and investigation of the ranch owners of Mexico and also their cooperation for bettering the conditions under which they conduct the cattle business of the Republic.

Address all communications to Mexican National Packing Company, etc.



From Mexico City Newspapers, April, 1908.

English translation appears on next page.

[Translation]

To the Butchers

This Company will send to all sellers of meat who sell directly and regularly the refrigerated Popo meats, a certificate which will state that in this shop is sold the products clean and pure of the company and in consequence offers guarantees to the public.

Arrangements have been made to announce periodically to the public the names and the addresses of the shops which are constant and permanent clients of the company.

The delivery of the refrigerated Popo meat is made in Mexico every day from 6:30 A. M. onwards in the great refrigerated warehouse of the Company situated at No. 10 Calle del Naranjo, Rancho del Chopo.

All sellers of meat should visit this magnificent installation.

Also there is delivered daily refrigerated Popo meats in Tacubaya, Mixcoac, San Angel, Coyoacan and Tlalpam by means of the great automobiles of the Company and we solicit the business of the butchers in these towns guaranteeing daily delivery.

This is the moment to make arrangements for the exclusive sale of the superior Popo refrigerated meat.

The public should demand the Popo meat.

Mexican National Packing Company

From Mexico City Newspapers, November, 1909

English translation appears on next page.

[Translation]

Cheaper Meats

People of the whole Republic are showing a daily increasing interest in the great national food institution which continues to put the prices of meat down to the people of Mexico, and continues to export to the markets of Europe increasing quantities of the famous POPO meat products.

Popo's methods and Popo's meat are the only protection for the people of Mexico.

The best meats ever sold in the Republic and at prices lower than ever in the history of Mexico.

The Government Inspected Meats.

Insist upon your butcher giving you a free Sewing Machine ticket with every purchase.

Mexican National Packing Company

Proprietor of the Rastro of the City of Mexico

John W. de Kay, President

COMPANIA EMPACADORA NACIONAL MEXICANA

MEXICAN MEAT IN EUROPE

The several shipments of special train lots of the

FAMOUS POPO MEATS

Which have gone to the markets of Europe have demonstrated that the product of the Mexican ranch when handled through the great system of packing houses, cold stores and refrigerator cars of the

MEXICAN NATIONAL PACKING COMPANY

Command prices which are not excelled by the products of any other nation in the world. Mexican ham and bacon are commanding as high a price as the Yankee ham and bacon, and they are as well received and as favorably regarded

If the POPO products are good enough for London, they are good enough for any city in the world, and they are the only meats that it is safe to consume in Mexico.

IF IT IS NOT POPO IT IS DANGEROUS.

The Government Inspected Meats.

Insist upon your butcher giving you a free Sewing Machine ticket with every purchase.

Mexican National Packing Company

Proprietor of the Rastro of the City of Mexico.

JOHN W. DEKAY, President.

From Mexico City Newspapers, November, 1909

COMPANIA EMPACADORA NACIONAL MEXICANA

Cheaper Meats

People of the whole Republic are showing a daily increasing interest in the great national food institution which continues to put the prices of meat down to the people of Mexico, and continues to export to the markets of Europe increasing quantities of the famous POPO meat products.

POPO'S methods and POPO'S meat are the only protection for the people of Mexico.

The best meats ever sold in the Republic, and at prices lower than ever in the history of Mexico.

THE GOVERNMENT INSPECTED MEATS.

Insist upon your butcher giving you a free Sewing Machine ticket with every purchase.

Mexican National Packing Company

Proprietor of the Rastro of the City of Mexico.

JOHN W. DEKAY, President.

From Mexico City Newspapers, November, 1909.

COMPANIA EMPACADORA NACIONAL MEXICANA

THE PUBLIC

Knows the difference between bad meat and good meat, and it knows that until POPO came all meat in Mexico was bad.

It now knows that since POPO came, all meat that is not POPO meat continues to be bad. All methods that are not POPO methods in the preparation of meat are bad methods.

The national food institution is the only safeguard.

The Government Inspected Meats.

Insist upon your butcher giving you a free sewing machine ticket with every purchase.

Mexican National Packing Company

Proprietor of the Rastro of the City of Mexico.

JOHN W. DEKAY, President.

From Mexico City Newspapers, November, 1909.

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If the POPO products are good enough for London, they are good enough for any city in the world, and they are the only meats that it is safe to consume in Mexico.

If it is not Popo it is dangerous.

THE GOVERNMENT INSPECTED MEATS

Insist upon your butcher giving you a free Sewing Machine ticket with every purchase.

MEXICAN NATIONAL PACKING COMPANY

Proprietor of the Rastro of the City of Mexico

JOHN W. DE KAY, President

COMPANIA EMPACADORA NACIONAL MEXICANA

UNA PEQUEÑA HISTORIA

Relatada en pocas palabras: La carne "POPO" es carne buena.
La Carne Que No Es "POPO Es Carne Mala.
EL "POPO" PROTEJE AL PUBLICO.
La Carne Mala ENVENENA AL PUBLICO.
¡¡COMAMOS TODOS CARNES "POPO"!!

LAS CARNES INSPECCIONADAS POR EL GOBIERNO.

Exija á su carnicero, en cada compra, un boleto gratuito para la Rifa de Máquinas de Coser.

En la Rifa correspondiente al mès de Diciembre se regalarán máquinas de coser á razón de dos diarias.

COMPAÑIA EMPACADORA NACIONAL MEXICANA,

Propietaria del Rastro de la Ciudad de México.

JOHN W. DEKAY, Presidente.

From Mexico City Newspapers, December, 1909.

English translation appears on next page.

[Translation]

A Little History

Related in a few words: The Popo meat is good meat.
The meat which is not Popo meat is bad meat.
The Popo protects the public.
The bad meat poisons the public.
Let us all eat Popo meat.
The Government Inspected Meat.

Demand of your butcher with every purchase a free ticket for the raffle of sewing machines.

In the raffle of the month of December there will be given two sewing machines daily.

Mexican National Packing Company

John W. de Kay, President

----- **DEMAIN** -----

Ce mot représente tout ce que nous remettons au lendemain et que l'on peut faire aujourd'hui.

Il représente tout ce que nous ajournons; parce qu'il est plus facile de différer les choses que de s'en occuper immédiatement.

DEMAIN est un mot qui n'existe pas dans le vocabulaire de la POPO.

La POPO vous donne aujourd'hui de bons aliments Les autres personnes qui font le commerce des viandes vous promettent de bonnes viandes pour demain. Ils ne tiennent jamais leur promesse. D'ailleurs, ils n'ont jamais eu l'intention de la tenir.

La POPO n'a jamais fait de promesses. Elle a créé une grande institution alimentaire et a dit :

"VOICI DE BONNE VIANDE"

Des commerçants honnêtes vendent, partout, à des prix à la portée de toutes les bourses,

Les viandes inspectées par le Gouvernement

Exigez de votre boucher, avec chaque achat, un billet gratuit pour la tombola de machines à coudre.

Pour le tirage correspondant au mois de Décembre, il sera offert deux machines par jour.

Cia Empacadora Nacional Mexicana

PROPRIÉTAIRE DE L'ABATTOIR DE MEXICO

Président, *John W. Dekay.*

POPO BRAND

POPO BRAND

From Mexico City Newspapers, December, 1909.

English translation appears on next page.

[Translation]

TOMORROW

Stands for all that is promised to do tomorrow and that we should have done today.

It stands for the things which we put off, because it is easier to postpone a thing than it is to deal with it.

Tomorrow is a word outside the dictionary of POPO.

POPO gives you good food today. All other people who pretend to be engaged in the meat business promised to give you good food tomorrow. They have never kept their promises. They never intend to keep them.

POPO did not make any promises. It established its great food institution, and said: "HERE IS PURE MEAT."

Sold everywhere by honest dealers in meat, at prices within the reach of the people.

THE GOVERNMENT INSPECTED MEATS

Insist upon your butcher giving you a free Sewing Machine ticket with every purchase.

During the month of December two Sewing Machines will be given away daily.

MEXICAN NATIONAL PACKING COMPANY

Proprietor of the Rastro of the City of Mexico

JOHN W. DE KAY, President

COMPANIA EMPACADORA NACIONAL MEXICANA

DEL RANCHO A LA MESA

Monuments

Mean something when they stand for what has benefitted the people. They mean nothing unless they do stand for this; and after the monuments built to the ones who made Mexico free, the monuments builded now by the ones who serve Mexico pure food are the important monuments.

POPO'S institution is a monument dedicated to the service of the nation with the only safe meats obtainable in the nation. It is an institution with a purpose, and it has fulfilled its purpose.

If It Is not Labeled "POPO." It Is Not Good.

Insist Upon The Famous Popo Meats

THE GOVERNMENT INSPECTED MEATS.

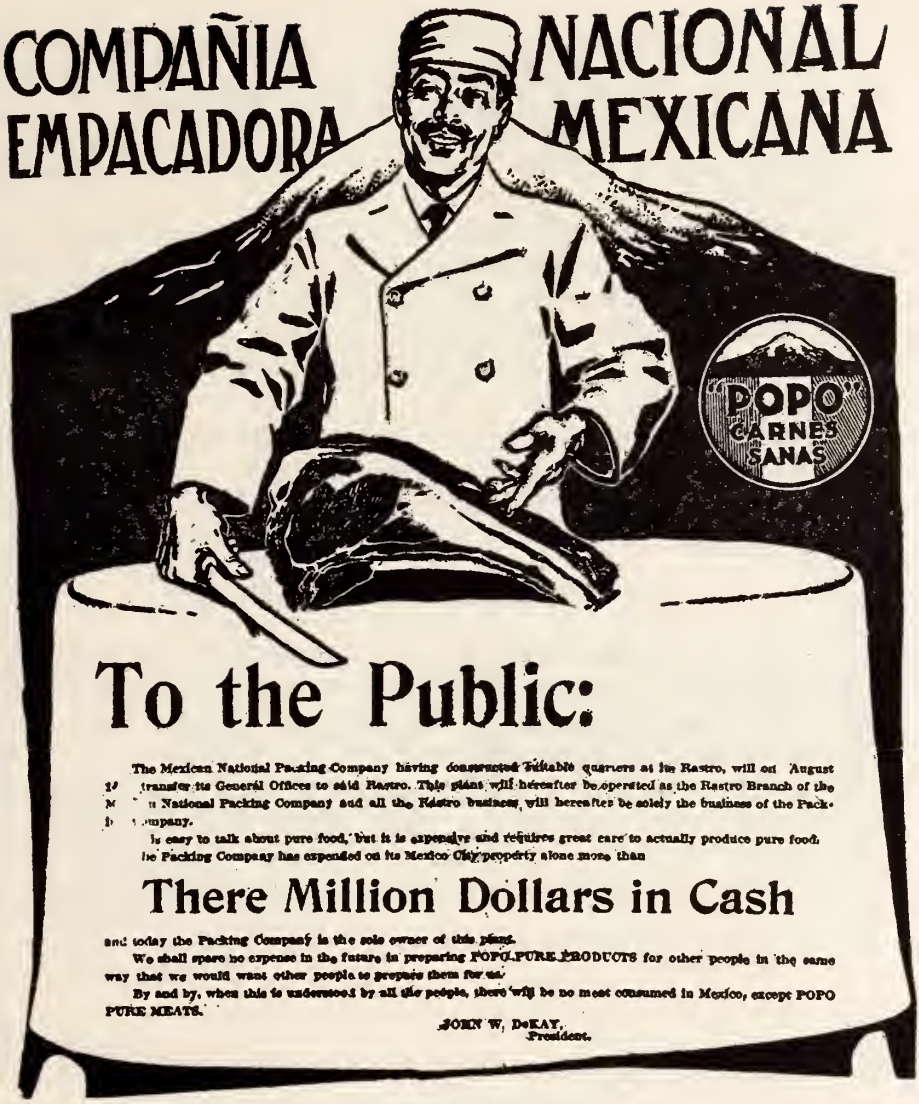
Insist upon your butcher giving you a free Sewing Machine ticket with every purchase.

Mexican National Packing Company.

Proprietor of the Rastro of the City of Mexico.

JOHN W. DEKAY, President.

From Mexico City Newspapers, December, 1909.



To the Public:

The Mexican National Packing Company having constructed suitable quarters at its Rastro, will on August 1st transfer its General Offices to said Rastro. This plant will hereafter be operated as the Rastro Branch of the Mexican National Packing Company and all the Rastro business will hereafter be solely the business of the Packing Company.

It is easy to talk about pure food, but it is expensive and requires great care to actually produce pure food. The Packing Company has expended on its Mexico City property alone more than

There Million Dollars in Cash

and today the Packing Company is the sole owner of this plant.

We shall spare no expense in the future in preparing POPO PURE PRODUCTS for other people in the same way that we would want other people to prepare them for us.

By and by, when this is understood by all the people, there will be no meat consumed in Mexico, except POPO PURE MEATS.

JOHN W. DeKAY,
President.

From Mexico City Newspapers, October, 1909.

COMPAÑIA EMPACADORA NACIONAL MEXICANA

"POPO" CARNES SANAS

TO THE PUBLIC:

The Mexican National Packing Company having constructed suitable quarters at its Rastro, will on August 14, transfer its General Offices to said Rastro. This plant will hereafter be operated as the Rastro Branch of the Mexican National Packing Company and all the Rastro business will hereafter be solely the business of the Packing Company.

It is easy to talk about pure food, but it is expensive and requires great care to actually produce pure food.

The Packing Company has expended on its Mexico City property alone more than

THREE MILLION DOLLARS IN CASH

and today the Packing Company is the sole owner of this plant.

We shall spare no expense in the future in preparing POPO PURE PRODUCTS for other people in the same way that we would want other people to prepare them for us.

By and by, when this is understood by all the people, there will be no meat consumed in Mexico, except POPO PURE MEATS.

JOHN W. DE KAY,
President.

From Mexico City Newspapers, April, 1908.

COMPANIA EMPACADORA NACIONAL MEXICANA

"POPO" CARNES SANAS

TO THE PUBLIC

Every step taken by Popo in the preparation of pure food products has been over the protest of the people who have long been engaged in selling impure food to the public. There is more money to be made for a little while taking advantage of the public, than there is in protecting the public and selling to it only what is pure.

Until the day when "POPO" invested in the meat industry of Mexico millions of dollars no one who prepared meat for the people had anything to lose. If they gambled with the lives of the masses, their stake in the broad success of the meat industry of the Republic consisted of an office desk and the profits they had made out of the game. This remains the condition today.

Popo is satisfied that day by day it does its work well and that the knowledge of this fact has spread throughout the Republic and across the seas. JOHN W. DE KAY, *President.*

From Mexico City Newspapers, April, 1908.

English translation appears on next page.

[Translation]

TRAVELLERS

TOURISTS

HUNTERS

Should always take with them the cans of delicious conserved POPO meats.

DEVILED HAM ROAST BEEF

ETC. ETC.

These canned meats are the best that have ever been sold in the Republic of Mexico.

For sale in all of the national markets.

THE GOVERNMENT INSPECTED MEAT

Demand of your butcher with every purchase of meat a free ticket for the raffle of sewing machines.

MEXICAN NATIONAL PACKING COMPANY

JOHN W. DE KAY, President.

COMPANIA EMPACADORA NACIONAL MEXICANA

MAÑANA

Stands for all that is promised to do tomorrow and that we should have done today.

It stands for the things which we put off, because it is easier to postpone a thing than it is to deal with it.

Mañana is a word outside the dictionary of POPO.

POPO gives you good food today. All other people who pretend to be engaged in the meat business promised to give you good food mañana. They have never kept their promises. They never intend to keep them.

POPO did not make any promises. It established its great food institution, and said: "HERE IS PURE MEAT."

Sold everywhere by honest dealers in meat, at prices within the reach of the people.

THE GOVERNMENT INSPECTED MEATS.

Insist upon your butcher giving you a free Sewing Machine ticket with every purchase.

During the month of December two Sewing Machines will be given away daily.

Mexican National Packing Company

Proprietor of the Rastro of the City of Mexico.

JOHN W. DEKAY, President.

From Mexico City Newspapers, April, 1908.

WE kill 10,190 animals weekly for food in the Valley of Mexico.

This great National pure-food Institution is responsible for all the improvement that has been made in the quality and purity of Mexico's meat supply.

Mexican National Packing Company, Limited.

Founded by John W. DeKay.

From Mexico City newspapers, December, 1913

From Mexico City newspapers, November, 1913

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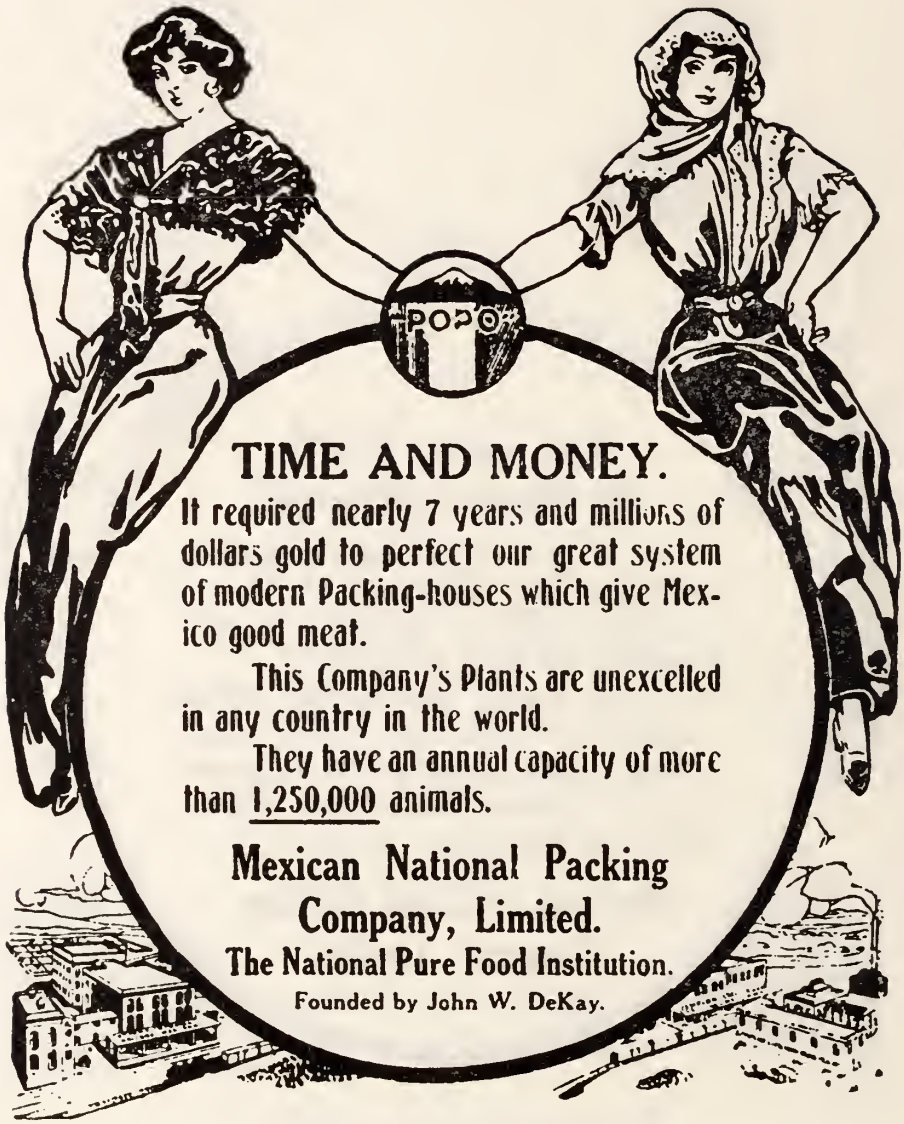

From Mexico City newspapers, December, 1913

The White Brigade

May be forgotten but the institution which it inaugurated will for generations continue to supply your meat in Mexico.

Our Packing Houses are the finest in the world. They have a yearly capacity of 1,250,000 animals.

We are responsible for having instituted Pure Meat in Mexico and all fresh meat consumed in Mexico City comes from our Plant.

Mexican National Packing Company, Limited.

The National Pure Food Institution.

Founded by John W. DeKay.

From Mexico City newspapers, October, 1913

ANNEX 12

Prospectus, Mexican National Packing Company, Limited, 1913.

The Subscription List will open Friday, 10th January, and close on or before Monday, 13th January, 1913.

MEXICAN NATIONAL PACKING COMPANY, LIMITED.

(Incorporated under the laws of the State of Maine, U. S. A., Owning and Conducting a Public Service Enterprise under Exclusive Concessions from the Government of Mexico.)

SHARE CAPITAL	$12,750,000,
Divided into $9,000,000 Six per Cent. Participating Preferred Stock and $3,750,000 Common Stock.	
Six per Cent. Second Mortgage Gold Bonds	$1,500,000.
The above are all issued, or agreed to be issued.	
Six per Cent. First and Special Mortgage Gold Bonds authorized	$5,000,000.

ISSUE OF $2,900,000 SIX PER CENT. FIRST AND SPECIAL MORTGAGE GOLD BONDS OF $100 EACH AT 94 PER CENT.

The total authorised issue of Six per Cent. First and Special Mortgage Gold Bonds is $5,000,000. The Mortgage provides that not more than $3,000,000 of these Bonds shall be issued without the consents of the holders of a majority in value of each of the following classes, namely, (1) the Six per Cent. First and Special Mortgage Gold Bonds, (2) the Six per Cent. Second Mortgage Gold Bonds, and (3) the Six per Cent. Participating Preferred Stock.

These Bonds will be secured by a First and Special Mortgage with Supplemental Deeds thereto registered and recorded in Mexico, together constituting a First and Special Mortgage in favour of the Central Trust Company of New York as Trustee upon the Immovable Property Plants and Concessions of the Company, and the proceeds of this issue will be kept intact until this charge is effected.

Interest will be paid half-yearly, on 1st January and 1st July.

The Bonds are repayable in New York on the 27th day of January 1931. The Mortgage provides for the redemption of the Bonds by means of a Sinking Fund of Five per cent. per annum of the whole of the outstanding Bonds beginning the 1st day of January 1918. The Sinking Fund will be applied in purchasing Bonds at or below 105 per cent. and accrued interest. The Company reserves the right to redeem at any time, at 105 per cent. and accrued interest, the whole or any part of the Bonds for the time being outstanding on not less than six months' notice being given.

Principal and Interest are payable at the option of the Holder either in sterling at Parr's Bank Limited, London, or in currency at the Central Trust Company of New York.

The price of issue is 94 per cent., payable as follows, the rate of exchange being taken at $4.87 to the £:—

On application	£2	per $100 Bond.
On allotment	£5	do.
On 27th February 1913	£5	do.
On 27th March 1913	£7 6s. 0d.	do.
	£19 6s. 0d.	do.

Or the whole may be paid up in full at the Company's Bankers on Allotment, or at any time before March 27th, 1913, under discount at the rate of 5 per cent. per annum. Failure to pay any instalment when due will render all previous payments liable to forfeiture and the allotments to cancellation, and interest at the rate of 6 per cent. per annum will be charged on any instalments in arrear. Cheques should be crossed and made payable to "Bearer."

Prior to the delivery of the Definitive Bonds the Directors reserve the right to alter the denomination of such portion of the Bonds as Allottees desire issued in Bonds of either $500 or $1,000 each.

The instalments carry interest at the rate of six per cent. per annum from their due dates of payment to 1st July 1913, and Scrip Certificates will be issued in due course in exchange for the receipted allotment Letters, and will bear interest at the rate of six per cent. per annum from the due dates of payment of such instalments up to 1st July 1913.

The first full Coupon on the Bonds will be payable on 1st January 1914.

The Scrip will be exchanged in due course, free of expense, at the London Agency of the Company, 110 Cannon Street, London E. C., for Definitive Bonds of $100 each with half-yearly Coupons attached, due on 1st January and 1st July in every year.

PROSPECTUS.

The Company has acquired the assets, concessions and undertaking of the Mexican National Packing Company.

The assets include:—

(A) The Rastro or Packing House in the City of Mexico with upwards of 25 acres of freehold land.

(B) A freehold estate of upwards of 8 acres situated in the City of Mexico, upon which there is erected a modern cold storage plant with a storage capacity of 1,000 beeves.

(C) A freehold estate and modern packing house at Uruapan, Michoacan, Mexico.

(D) A freehold estate and modern cold store situated in the City of San Luis Potosi.

These properties were valued by Señor Luis Perezcano, Junior, a licensed appraiser of Mexico, at £711,000.

The assets also include automobile delivery vans, wagons, fixtures, furniture, stores for repairs, etc., valued by Señor Perezcano at £32,000.

100 Refrigerator railway carriages and certain investments, valued by Señor Perezcano at £24,000.

In the above valuations no value was placed upon the concessions which give the Company exclusive preferential rights of great value.

The Company's business has been created under concessions granted by the Government of Mexico, whereby the Company obtains *inter alia* until 31st December 1926, the following exclusive rights:—

(1) That all cattle, pigs, sheep and goats slaughtered in the City of Mexico must be slaughtered in the Rastro or Packing House belonging to this Company, and that no other Rastro or Packing House can be built or operated in Mexico City.

(2) That all the land, plants and other property of the Company shall be exempt from all federal taxation except the stamp tax.

(3) Freedom from all import duties upon all of the materials required for the manufacture of tin cans and packing cases used by the Company.

(4) That the Government shall not impose a tax on animals killed by the Company exceeding 1¼ centavos per kilo upon dressed beef, and 2 centavos per kilo upon dressed sheep and goats, and 1¼ centavos per kilo upon pigs, live weight. In respect of all such products as are sold outside a radius of 50 kilometres of Mexico City or exported from Mexico, this Company is not required to pay any taxes.

By arrangement with the Mexican Government the Company has, however, paid taxes upon all animals at the time of slaughter, and the amounts paid in respect of products sold outside a radius of 50 kilometres of Mexico City or exported from Mexico have been regularly repaid by the Mexican Government to the Company amounting approximately to 7/– per head on cattle, 8/– per head on pigs, and 7d. per head on sheep and goats. These repayments are not and can not, until after 1926, be made to anyone else.

The number of animals slaughtered at the Rastro in the City of Mexico during the four years ended 31st December 1912, was, according to the returns of the Mexican Government Official, Sr. Manuel Fernandez Ortigosa, Collector of Taxes at the Rastro, as follows:—

	1909.	1910.	1911.	1912.
Cattle	127, 369	147, 382	140, 997	139, 320
Hogs	91, 942	67, 597	65, 520	67, 364
Sheep	184, 966	209, 568	177, 691	178, 246
Totals	404, 277	424, 547	384, 208	384, 930

All the plants of the Company are in a high state of operating efficiency.

Concessions granted by the State of Michoacan, Mexico, provide that the undertaking at Uruapan is until January

1918, exempt from the payment of all State or Municipal taxes, except that the Company shall pay to the State or Municipality a tax of only 1½d. per head upon the cattle, and 1d. on hogs slaughtered at this plant. The Water power operating the Uruapan Plant is owned in perpetuity by the Company, and for a further 14 years is exempt from all Federal State and Municipal Taxes.

Owing to the importance of the concessions and to the public service character of the enterprise, the concessions provided that they could not be transferred without the previous consent of the Mexican Government and of the Government of Michoacan.

By decrees of the President and Government of Mexico, issued October 25th, 1912, October 29th, 1912, and November 11th, 1912, this consent was formally given by the Mexican Government, and the transfer of all of the concessions granted by the Government has been duly completed.

The Government of Michoacan has likewise given its consent, and the concessions granted by that State have been duly transferred to this Company.

In April, 1908, shortly after the installation of the packing house at Uruapan, General Porfirio Diaz, then President of Mexico, in a message to the Mexican Congress, took occasion to point out that the operations of the Company had already resulted in benefit to the public health.

The Directors intended to at once develop the tinned and cured meat departments of the Company's business on an extensive scale and to make shipments of refrigerated beef and cured meats to London, in order to keep these departments of the Company's plants operating to their full capacity.

Mr. Heinold, who for four years was with Armour & Co. and for 14 years was with the Cudahy Packing Company, U. S. A., during the last seven of which he was superintendent of their canning department, has been placed in charge of the tinned and cured meat departments of the Company's business in Mexico, and also in charge of the Company's operations in Uruapan.

The following report has been addressed to the Directors by Mr. E. B. Towl, who, as appears by the first paragraph of his report, is an expert of great experience, and fully qualified to report upon the business:—

"OMAHA, NEBRASKA, *9th December, 1912.*

"*To the Directors of the*

"*Mexican National Packing Company, Limited.*

"DEAR SIRS: I have been engaged in the meat packing business in the United States for 25 years, and of this time I was 21 years general superintendent of The Omaha Packing Company of Omaha, Nebraska.

"I was employed in 1909 to study the conditions surrounding the establishment and development of the meat industry in Mexico and to organise the operating staff in the various plants and branches of the Mexican National Packing Company, and I spent upwards of a year in this work, which necessitated journeys over most of the Republic.

"From the knowledge which I gained while so engaged in Mexico, and from my previous experience, I am able to state the following:—

"The Rastro and Packing House in Mexico City, the Packing House at Uruapan, and the Cold Stores in Mexico City and San Luis Potosi are substantially constructed, the two former of brick, stone, steel and concrete, and the two latter of brick, and they are all equipped with modern machinery, plant, and cold storage, sufficient to deal at a minimum operating cost with the number of animals below mentioned.

"The Company has in Mexico City the necessary plant for the manufacture of tin cans and packing cases required for its local and export business and machine shops for the upkeep of its entire equipment except its refrigerator cars. The Mexico City plant is constructed upon part of a plot of upwards of 25 acres of freehold land, and has accommodation for slaughtering annually 220,000 beeves, 200,000 pigs and 250,000 sheep.

"The plant at Uruapan, which is also on freehold land, has accommodation for slaughtering 225,000 beeves and about a like number of pigs and also of sheep annually.

"At this Packing House is installed a thoroughly equipped modern tinned meat plant, to deal on a large and economical scale with the products not required in the fresh meat trade.

"There is also an ice plant at Uruapan which can manufacture all of the ice needed for the Company's refrigerator cars, as well as that required in the adjacent markets.

"All of the Company's plants are driven by electricity. The electrical power at Uruapan is generated from a river, on the banks of which the Packing House is built.

"The Company also owns in the City of Mexico a further eight acres of freehold land, upon which there is a modern refrigerating plant, with machinery of the best manufacture, and with a present storage capacity of 1,000 beeves.

"The Company also owns refrigerating machinery and electrical equipment sufficient to establish two additional cold storage branches of the same capacity as the San Luis Potosi branch, including in each plant machinery for the manufacture of ice. It also owns like machinery sufficient to instal suitable refrigeration in a further fifteen shops.

"The Company owns 100 railway refrigerator cars. These cars, and the refrigerating machinery for the cold stores and shops, are of the best British manufacture.

"There is not in Mexico any other modern packing house which can refrigerate meat for cold storage and tin meat and manufacture by-products. The importance of this will be apparent having regard to the climatic conditions in Mexico.

"Owing to the price of cattle and to the efficient native labour in Mexico, the refrigerated and tinned beef of the Company can be delivered in London at a less cost per pound than similar products from any other country now shipping meat to London.

"The cost of slaughtering and preparing cattle, pigs and sheep in Mexico is less than one-third the amount which a similar service costs in any of the best organised packing houses in the United States.

"The local market in Mexico consumes as much fresh meat as can be produced by the present plants of the Company, and as there are over 20,000,000 people in Mexico there is great scope for the extension on this part of the Company's trade.

"There is also an extensive export market for the Company's other products, including refrigerated beef. This market should be further enlarged through the opening of the Panama Canal, to which its plants are the most accessible.

"The Uruapan plant is situated in the centre of the hog-producing area in Mexico, and within a radius of 150 miles of this plant are produced about 40 per cent. of all the cattle raised in Mexico. The standard gauge railroad which has now been completed to Uruapan will facilitate the handling of the business, which has hitherto had to contend with the disadvantage of a narrow gauge railroad.

"Since I left Mexico the importance of the Uruapan plant has been further increased by the completion of the Southern Pacific to a point within driving distance of Uruapan. As a result of this new development the live stock produced in the rich and important area of Jalisco, Sinaloa, and Tepic are for the first time accessible to Uruapan, where they can be delivered at a minimum cost.

"The pioneer work involved in the establishment of an entirely new industry of such national importance has already been done, and the large amount of capital necessary to be invested in land, Packing Houses, cold storage, refrigerator cars, and general equipment, and to organise and instal a proper system throughout a country as large as Mexico has already been expended. I consider that the initial difficulties which are inseparable from the development of a new industry of such magnitude have been overcome.

"From the statistics, tabulated figures, and cost sheets which I prepared while in Mexico, and still have, I have worked out what I consider should be the net results from the operations of the Company as at present constituted, and I am of the opinion that with efficient management and

£150,000 working capital the following is a conservative estimate of the net profit which should be realized:—

First year	£50,000
Second year	£125,000
Third year	£180,000
Fourth year	£200,000

"Very truly yours,

"E. B. Towl."

Approximately, £37,115 is required for the interest upon the present issue of bonds.

Out of the proceeds of this issue, £185,000 will be appropriated to working capital and to instal additional machinery in the Company's tinned meat department in Mexico City, and to establish a branch at the sea-board in Mexico, for which a concession has been granted to this Company by the Mexican Government. The Company is given two years in which to establish this branch.

For the purposes of this Prospectus figures have been calculated at the rate of 9.70 pesos to the £ sterling.

The whole of the Common Stock of the Company, except Directors' qualification Shares, will be vested in three Voting Trustees, and is to remain vested in the Trustees until all of this issue of Bonds is redeemed.

A brokerage of ½ per cent. will be paid on allotments made in respect of applications (other than underwriting applications) bearing brokers' stamps.

Application will in due course be made to the Committee of the Stock Exchange, London, for a settlement and official quotation.

Prospectuses and Application Forms can be obtained from:—

Parr's Bank Limited, Bartholomew Lane, London, E. C., and all Branches, and from

The London Agency of the Company, 110 Cannon Street, London, E. C.

Trustees for the Six per Cent. First and Special Mortgage Gold Bonds: Central Trust Company of New York.

Trustees for the Six per Cent. Second Mortgage Gold Bonds: The Farmers' Loan and Trust Company, New York.

Voting Trustees.

Sir Frank Crisp, Bart., 17 Throgmorton Avenue, E. C.	Pedro Suarez, 158 Fenchurch Street, E. C.

The third Voting Trustee will be appointed in due course.

Solicitors to Voting Trustees.

Ashurst, Morris, Crisp & Co., 17 Throgmorton Avenue, London, E. C.

Directors.

Frank Morris Crisp, 5 Lansdowne Road, W.
L. H. de Friese, New York and London.
John W. de Kay, 111 Broadway, New York.
Shirley H. Jenks, Cannon Street House, E. C.
Gustavo Kaiser, of Suarez & Co., 158 Fenchurch Street, E. C.
Louis Souchon, Thorpe House, Bedford.
W. E. Stavert, Montreal and Mexico City.
S. Perez Triana, 45 Avenue Road, N. W.

Bankers in London: Parr's Bank Ltd., Bartholomew Lane, London, E. C.

Bankers in Mexico: Bank of Montreal.

Commercial Agents: Chalmers, Guthrie & Co., Ltd., 9 Idol Lane, London, E. C.

Solicitors for the Company: Slaughter & May, 18 Austin Friars, London, E. C.

Auditors: Haskins & Sells, 30 Coleman Street, London, E. C.; and 30 Broad Street, New York.

Head Offices of the Company: Mexico City.

New York Office: 111 Broadway.

London Agency: 110 Cannon Street, London, E. C.

9th January, 1913.

ANNEX 13

Letter dated May 18, 1912 from Sebastian Comacho to John W. de Kay.

For full text of this Annex, see Memorial, pp. 36–7–8.

The original of this Annex is deposited with the American Agency and is available to the Commission or to the Agent for the United Mexican States.

ANNEX 14

Letter dated December 12, 1911 from Ex-Attorney General John W. Griggs to John W. de Kay.

For full text of this Annex, see Memorial, pp. 38–9.

The original of this Annex is deposited with the American Agency and is available to the Commission or to the Agent for the United Mexican States.

ANNEX 15

Loan agreement dated June 8, 1913 between International Banking Group and Government of Mexico (translation by State Department).

[Translation]

TREASURY BONDS OF THE MEXICAN FEDERAL GOVERNMENT.
6%. TEN YEARS. 1913.

Between the FEDERAL EXECUTIVE OF THE UNITED MEXICAN STATES, represented by Mr. Luis L. de la Barra, financial agent of the Mexican Government at London, party of the first part; and the NATIONAL BANK OF MEXICO, at Mexico; the BANK OF PARIS AND OF THE NETHERLANDS, Paris; the NATIONAL DISCOUNT OFFICE OF PARIS, Paris; THE BANK OF THE PARISIAN UNION, Paris; MESSRS. MORGAN, HARJES & Co., Paris; MESSRS. A. SPITZER & Co., Paris (these six banks or establishments constituting the French group); the S. BLEICHROEDER HOUSE, Berlin; the DEUTSCHE BANK

(German Bank), Berlin; the DRESDEN BANK, Berlin (these three banks or establishments constituting the German group); MESSRS. MORGAN GRENFELL & Co., London (this bank constituting the English group); and MESSRS. J. P. MORGAN & Co., New York; MESSRS. KUHN, LOEB & Co., New York (these two banks constituting the American group); all these banks or establishments being abbreviated to "the Contracting Banks" in the following articles; party of the second part; and considering that the Federal Executive of the United Mexican States has been authorized by the law of the Congress of the Union, promulgated on *May 30, 1913*, in the Official Gazette of the Government of the United Mexican States, and appended hereto, to proceed to issue a loan in bonds of the treasury secured by the customs receipts, of a nominal value not to exceed 20,000,000 pounds sterling, the proceeds whereof shall be used to pay off various floating debts, to strengthen the treasury of the Mexican Government, and to provide for various general needs, as well as to defray the expenses of issue (of any kind) of said loan, as far as such expenses are to be borne by the Mexican Government by virtue of the present contract; the following stipulations have been agreed upon by the contracting parties:

Article 1.

The Federal Executive of the United Mexican States shall issue, by virtue of the authority conferred upon him by the aforementioned law, a loan of one hundred and fifty-six million Mexican dollars, nominal value ($156,000,000 Mex.), or four hundred and four million francs, nominal value (404,000,000 francs), or sixteen million pounds sterling, nominal value (£16,000,000), or three hundred twenty-seven million two hundred thousand German reichsmarks, nominal value (327,200,000 rm.), or seventy-seven million six hundred thousand dollars of the United States of North America ($77,600,000) of the present standard of weight and fineness, nominal value.

This loan shall be designated as the 6% treasury bonds of the Mexican Federal Government, 10 years, 6% 1913.

The principal and interest of this loan shall be payable in gold and exempt forever from any existing or future Mexican taxes of any nature whatsoever.

Article 2.

The nominal principal of the loan shall be represented by certificates entitled "Treasury Bonds," of a nominal value of $195 Mex. = 505 francs = £20 = 409 rm. = $97 U. S. gold.

The contracting banks reserve the right to demand that the bonds be also worded in florins of the Netherlands.

The Mexican Government shall agree with the Contracting Banks on the form and wording of the final bonds, and it pledges itself to make the final bonds at its own expense, according to the demand of the Contracting Banks, in units or in multiples of five or ten bonds, and this demand shall be made of the Mexican Government by the Contracting Banks for the bonds bought outright, thirty days at the latest after the signature hereof, or, for bonds taken by virtue of the options mentioned in article 12, thirty days after each declaration of the redemption of the option, respectively.

The Contracting Banks shall have a right to demand that the final bonds intended for the French market be made in a distinct form.

The final bonds for purchase outright and optional buying shall be delivered to the Contracting Banks at the places designated by the latter, at the latest six months after the signature hereof as regards the part bought outright, or after the declaration that the option is redeemed, as regards the bonds taken by virtue of the options provided for hereinafter.

The bonds of this loan shall be to bearer. They shall be printed in the Spanish, German, English, and French languages. They shall bear consecutive numbers and shall embody in their text:

An acknowledgment by the United Mexican States that they owe the sum mentioned on each of the bonds; an obligation to repay the principal and to pay the interest in the

manner and within the periods determined in the present contract; a designation of the special guarantees of the loan, which are fixed in accordance with articles 5, 6, and 7; and, finally, a declaration that these bonds are exempt forever from any existing or future Mexican tax of any nature whatsoever.

The bonds of this loan shall bear the facsimile signature of the Treasurer of the Federation of the United Mexican States and the autographic signature of one or more special delegates appointed for this purpose by the Mexican Minister of Finance. They shall contain the text of the aforementioned law and an abridgment of the stipulations of articles 1 to 7 of this contract.

Article 3.

The Mexican Government shall pay interest on this loan at the rate of six per cent per annum, at semiannual periods, on the first of January and the first of July of each year, at the Contracting Banks in Mexico, Paris, Berlin, London, and New York, as well as at the Houses at Brussels, Geneva, Amsterdam, Frankfort on the Main, and in other cities to be designated by the Contracting Banks.

The bonds of the loan shall be provided with a sheet of twenty coupons, the first of which shall mature on January 1, 1914.

The coupon or coupons due and paid at the time of delivery of the final bond shall be detached, before such delivery, by the Contracting Banks, which shall be obliged to cancel the coupons thus detached and to hold them afterwards at each place at the disposal of the Financial Agent of the Mexican Government at London.

The value of each coupon shall be stated in Mexican dollars, francs, pounds sterling, reichsmarks, and U. S. gold dollars, corresponding to the nominal value of the bonds, that is, for each coupon of a single bond: $5.85 Mex. = 15.15 francs = £P.12/0 = 12.27 rm. = $2.91 U. S. gold.

The coupons shall comprise a pledge on the part of the United Mexican States to pay at maturity the sum due at the pleasure of the holders, in money of the respective places, at Mexico, Paris, Berlin, London, and New York, at the

Contracting Banks in Belgium, Holland, Switzerland, Frankfort on the Main, or elsewhere, at the Houses to be designated; in Belgium and Switzerland the coupons shall be payable to the Banks designated for the purpose in money of the place, at the sight rate of exchange on Paris; in Holland at the sight rate of exchange on Berlin.

(See article 8 of the present contract in regard to the interest on the provisional certificates.)

The Contracting Banks shall be obliged to cancel the interest coupon paid and the redeemed certificates of the Loan, and they shall thereupon hold them at each place at the disposal of the Financial Agent of the Mexican Government at London.

The interest coupons shall prescribe in five years from the date of their maturity. Lost, stolen, or destroyed coupons shall be governed by the Mexican law.

The National Bank of Mexico which has been intrusted under its concession contract with making the payments connected with the Debt of the United Mexican States and of the Loans contracted by the Government, shall be charged with this service and shall reach an irrevocable understanding with the Bank of Paris and the Netherlands in regard to the service in Europe and the United States of America.

The discount of the differences of exchange arising from the payment of the interest coupons and from the redemption of the maturing Bonds (see art. 4) in the cities designated for this purpose against the values delivered on account of the Government by the National Bank, shall be made by the Bank of Paris and the Netherlands.

As regards the discount of the differences of exchange, coupons and bonds cashed in Germany or Holland shall be treated as if they had been paid at Berlin.

The Mexican Government shall allow the Contracting Banks a commission of one-quarter per cent (¼%) on interest payments, and a commission of one-quarter per cent (¼%) for payments of bonds at maturity.

These commissions shall be paid to them in the manner indicated in article 6 of this contract.

Article 4.

The bonds shall be redeemed at par, in whole, at their maturity, which will take place on July 1, 1923.

The redemption shall take place at the pleasure of the holders at any of the places mentioned for the payment of the coupons, and in the national currency of the place in question.

The bonds may be redeemed in advance, in whole or in part, but only after the beginning of the fourth year after the issue of the bonds.

In case of partial redemption, the certificates to be paid off shall be designated by lot.

The sum necessary to redeem the bonds in circulation at their nominal value, at the time of their maturity, or at the date set by the Government in case of premature redemption, shall be delivered to the Bank of Paris and the Netherlands on account of the contracting groups fifteen days in advance.

Any premature redemption shall coinside with some coupon maturity date, and the Government shall give notice of the fact to the holders at least three months in advance, by means of a notice published at the expense of the Government in the Official Gazette of Mexico and in two newspapers of legal advertisements at least of each of the places where the coupons are payable, these newspapers to be designated by the Contracting Banks.

Redeemable bonds shall prescribe in twenty years from the date set for the redemption. The replacing of bonds which are lost, stolen, or destroyed, partially or totally, shall be governed by the Mexican law.

Article 5.

As a special guarantee of the strict execution of the stipulations of this contract in regard to the payment of the interest and the redemption of the bonds, the Mexican Government shall assign and set aside in favor of the bonds, in a uniform manner regarding all of them, without preference for any, and for all the time during which the said

bonds shall not have been entirely redeemed, thirty-eight per cent (38%) of the total proceeds from the duties designated by the budgetary law as import and export duties (taxes on imports and exports), whatever may be the special denomination of these duties and the place where the custom-house formalities are performed.

This proportion of duties set aside as a guarantee shall exceed, during each fiscal year, by at least twenty per cent (20%), the amount necessary for the payment of the interest. In case the proceeds of a fiscal year should have been insufficient to reach the said margin of 20%, the Mexican Government pledges itself under this contract to present to Congress, within the shortest period, a bill providing for an increase in the customs duties. This increase must be sufficient in order that the 20% margin referred to above may be reached again. The Government shall make every effort to have the law passed by Congress.

If, as a result of a decrease in the customs receipts, the portion assigned to the loans of 1899 and 1910 should have to be increased beyond 62% in order to reach the amount provided for in the Contracts for the said Loans of 1899 and 1910, the Government undertakes to present to Congress, within the shortest possible period, a bill for the increase of the customs duties.

This increase must be sufficient in order that the stipulations of the Contracts of 1899 and 1910 may be satisfied by means of the proportion of 62% only. The Government shall make every effort to have the bill passed by Congress.

Apart from the cases provided for above, the guarantee fixed (which represents an inalienable security in favor of the bond holders) shall not be modified in any manner.

Article 6.

With a view to rendering perfect the guarantee fixed in article 5, the Mexican Government shall immediately publish a decree providing that the proportion of import and export duties to be paid in certificates, in accordance with article 5 of the Contract for the 5% Mexican Consolidated External Loan of 1899, shall be raised from 62% to 100%,

38% being assigned as a guarantee of the present loan in bonds of the Treasury.

The decree of the Government shall provide that henceforth the total amount of import and export duties shall be paid to the Custom-house Offices by means of said certificates, under penalty of a fine, to be imposed upon any person who violates the provision, of double the amount of the unpresented certificates. These provisions shall be strictly kept in force as long as the bonds constituting the present loan shall not have been fully redeemed.

These certificates shall continue to be delivered to the National Bank as a pledge on account of the holders of the 5% bonds of 1899 and 1910 and of the present loan, and the Bank is charged with delivering them to the public upon payment in cash at the places where the custom houses are situated and where these certificates are to be used for the payment of the whole of the duties.

The certificates shall be delivered to the National Bank on the dates fixed in the contract of 1899.

The supply of certificates which the Mexican Government shall be obliged to deliver to the National Bank of Mexico and which must be completed by it at the end of each six months (June 31 and December 31) shall henceforth be 25,000,000 Mexican dollars. This proportion shall be increased subsequently if it is recognized as being insufficient to meet the demands for the certificates. Besides, the Government shall be obliged to make an additional delivery if it should appear that the supply will be exhausted before the end of a half year.

A supplemental delivery of certificates intended to enforce the above provisions shall be made within two weeks after the signature of the present document.

Every month the National Bank of Mexico shall furnish the Bank of Paris and the Netherlands with a statement of the certificates received from the Government, of the certificates sold, and of the certificates remaining in stock.

As far as they are required for the payment of interest and principal on the loans of 1899 and 1910, the sums arising from the assignment mentioned in article 5 shall be delivered

by the National Bank of Mexico to the Bank of Paris and the Netherlands, at Paris, and to the S. Bleichroeder Firm at Berlin, as provided in the contracts relating to the said loans, and as regards the payments on the present loan, the National Bank of Mexico shall transmit 38% of the amount collected by it on account of the Contracting Groups to the Bank of Paris and the Netherlands, charged with making the payments on the bonds of the present loan, and this in accordance with the stipulations hereinafter.

The National Bank of Mexico shall take the necessary measures in order that the Bank of Paris and the Netherlands at Paris may, on account of the Contracting Groups, be in actual possession on the 15th of each month, through this 38% (thirty-eight per cent), of the necessary sum to make up ⅙ of the amount of the interest on the part issued of the present loan, as well as the commissions pertaining thereto, etc.

In order to provide for the first coupon payable on January 1, 1914, the first monthly remittance of one-sixth the amount of such coupon shall be made on July 15, 1913.

Article 7.

The Mexican Government shall have a right at any time to make, through the National Bank of Mexico, heavier remittances than those fixed above. As soon as the sum corresponding to the amount of interest and incidentals falling due January 1 or July 1 following shall have been made up, the Government may utilize the surplus amounts collected by the National Bank of Mexico on account of the 38%, but this shall only take place up to November 15 or May 15 following the date on which the sum was made up, after which dates the funds shall again begin to be assigned for the coupon falling due 7½ months afterwards.

In case the amount necessary for the payment of the interest and incidentals should not be covered by the customs receipts assigned as a guarantee, the Mexican Government obligates itself to remit from its other resources, and primarily from any surpluses which may come into its possession from the loan contracts of 1899 and 1910, the necessary additional

amount to the National Bank of Mexico so that the Bank of Paris and the Netherlands (on account of the contracting groups) may, fifteen days at most before each maturity date, be in possession of the necessary funds for the payments on the Loan.

The Government agrees not to contract for any loan enjoying any assignment from the proceeds of the custom houses until the bonds representing the present loan shall have been entirely redeemed, unless the proceeds from such new loan are devoted to the redemption of the bonds in circulation and are sufficient to insure their full redemption.

The Government shall not recover the free disposal of the 38% of the duties assigned, or of the surpluses available from any amounts asssigned under the loan contracts of 1899 and 1910, until the present loan has been fully redeemed.

The Bank of Paris and the Netherlands, depositary of the funds remitted to it (on account of the contracting groups) in order to meet the payments on the loan, shall pay the Mexican Government on these funds, from the day following the date of actual receipt at Paris, interest fixed at 1% below the discount rate of the Bank of France, though the rate paid shall not exceed 3% per annum. This interest shall cease to accrue on June 15 and December 15, that is, fifteen days before each semiannual interest period on the bonds.

Article 8.

Of the total issue of the present loan, or £16,000,000, the Contracting Banks take outright and the Mexican Government cedes to them:

\$58,500,000, Mexican, or
151,500,000 francs, or
£6,000,000, or
122,700,000 rms., or
\$29,100,000 U. S. gold,
} nominal value,

on the following terms:

The purchase price is hereby fixed at 90% of the said nominal amount of the bonds of the loan taken outright, interest payable July 1, 1913.

Consequently the purchasing Banks shall have to pay, at the latest twenty days after the date which the Contracting Banks shall have set for the public subscription or the placing of the bonds, 90% of:

$58,500,000 Mexican, or
151,500,000 francs, or
£6,000,000, or
122,700,000 rms., or
$29,100,000 U. S. gold,

each contracting party having the privilege of paying in the money of his own country or in francs. The operation shall be centralized by the Bank of Paris and the Netherlands, at Paris, where the Government shall, in accordance with article 11 of the present contract, be credited in francs with the sums remitted by the contracting parties or their equivalent, value and interest twenty days after the date which the Contracting Banks shall have set for the public subscription or the placing of the bonds. The Government shall transmit a receipt therefor, referring to the present contract, which shall serve as a general obligation. The amount to be placed to the credit of the Government is understood as being minus the deductions provided for in article 10a.

The expenses of centralization and of transfer to Paris of the funds arising from the issue at the other places shall be borne by the Government. If the latter has any payments to make at other places than Paris, it shall give notice of the fact as soon as possible to the Bank of Paris and the Netherlands, which shall if necessary take the proper measures for leaving in the place in question all or part of the funds arising from the issue of the bonds, and this in view of the payments to be made by the Government.

Pending the delivery of the final bonds, the Contracting Banks shall be allowed to create provisional certificates the payment of which may be distributed among the several places, or made at one or more of the places where they proceed to issue the portion of the loan taken outright.

The Contracting Banks shall determine the conditions under which the interest to accrue on these provisional certificates is to be paid.

All expenses connected with the printing, remittance, and issue of the final bonds shall be borne by the Mexican Government.

The Contracting Banks shall bear all the expenses connected with the stamps affixed to the provisional certificates, as well as on the final bonds of the loan by virtue of the laws of the countries in which the contracting parties make the issue.

Article 9.

After the conclusion of the present contract the Contracting Banks shall prepare the necessary prospectuses for the introduction of the new loan in the stock exchanges of the cities where they deem it appropriate. The Mexican Government agrees to examine and, after approval, to sign these prospectuses, besides furnishing any additional suggestions or modifications of the prospectuses which might be demanded by the Admission Committees of such Stock Exchanges.

Article 10.

The Contracting Banks may issue the bonds by way of public subscription or of sale.

They shall have entire liberty to fix the rate at which they will issue the said bonds, as well as the modes of payment and drawing interest.

Article 10a bis.

The actual proceeds from the bonds bought outright shall be assigned before any other use:

1. To the formation of a reserve fund equal to six months' interest on the bonds ceded by the Government.

2. To the formation of other funds for the settlement of various short-term obligations of the Government.

RESERVE FUND.

The reserve formed as mentioned above shall be kept by the Bank of Paris and the Netherlands on account of the contracting groups. The Mexican Government shall be allowed interest on this reserve fund at the rate of 1% below the discount rate of the Bank of France (maximum rate to be allowed, 3%).

If, fifteen days before the maturity of a coupon, the Bank of Paris and the Netherlands (on account of the contracting groups) should not, after the deductions from the customs duties have been made in accordance with articles 5, 6, and 7, be in possession of the sum necessary for the coupons maturing, the Bank of Paris and the Netherlands shall have a right, pending the supplemental payment which the Government has pledged itself to make as mentioned in article 7, to make a sufficient deduction from this reserve fund, without any preliminary notice, in order to make up the sum necessary to meet the semiannual interest falling due fifteen days later.

However, this deduction shall in no wise modify the obligation of the Government to complete each semiannual interest payment by means of all its resources, in case the proceeds from the receipts assigned for the payments on the loan are insufficient.

In case the reserve fund should be drawn upon, it shall be replenished as soon as possible by the Government from its own resources and primarily from any surpluses which may come into its possession from the loan contracts of 1899 and 1910.

The amounts remaining available from the reserve fund shall be assigned, until exhausted, to the redemption of the present loan at its maturity.

OTHER FUNDS.

The other funds formed as mentioned above shall amount to an aggregate of 108,000,000 francs and shall be held by the Bank of Paris and the Netherlands on account of the contracting groups. On the amount thus held the Govern-

ment shall be paid interest at the rate of 1% below the discount rate of the Bank of France (maximum rate to be paid, 3%).

These sums shall be irrevocably assigned to the payment at maturity:

1. Of the drafts falling due on September 10, 1913, accepted by various Banks and Bankers in payment of $10,000,000 gold, plus interest on Mexican Treasury Bonds maturing June 10, 1913, placed by Messrs. Speyer & Co. of New York.

2. Of the $10,000,000 plus interest of notes falling due September 1, 1913, issued by the Exchange and Money Commission and indorsed by the National Bank of Mexico.

3. Or eventually, at the end of all the operations performed, in order to meet the obligations described above.

Article 11.

The National Bank of Mexico shall open up for the Mexican Government, on behalf of the Contracting Banks, a special account-current for everything relating to the present Loan.

The Government shall be credited in this account, in francs, with the equivalent of the bonds bought outright, value and interest twenty days after the date which the Contracting Banks shall have set for the public subscription or the placing (sale) of the bonds bought outright, after deducting the reserve and other funds specified in the preceding article.

Interest at the rate of 2% shall be allowed on the amounts remaining to the credit of the Government.

Article 12.

For the taking of the balance of the loan, the Government will allow the Contracting Banks options distributed as follows:

Up to the expiration of a period of six months from the date which the Contracting Banks shall have set for the public subscription or the placing of the bonds bought out-

right, on $48,750,000 Mexican, or 126,250,000 francs, or £5,000,000, or 102,250,000 rms., or $24,250,000 U. S. gold, nominal value.

Up to the expiration of a period of one year from the same date, on $48,750,000, or 126,250,000 francs, or £5,000,000, or 102,250,000 rms., or $24,250,000 U. S. gold, nominal value.

The £4,000,000 (nominal value) of bonds constituting the balance of the amount authorized shall remain attached to the stub and shall not be negotiated or pledge any treasury operation without the authorization of the Bank of Paris and the Netherlands, with the consent of the Contracting Groups.

These options are granted at the rate of 90% of the nominal amount of the bonds of the loan, increased by the expired portion of the coupon.

The Bank of Paris and the Netherlands shall exercise its rights of option, with the consent of the Contrating Groups, up to the expiration of the periods mentioned, and this with respect to the total amount of the options or to partial amounts.

In order to redeem any option, total or partial, the Bank of Paris and the Netherlands shall be obliged to make a declaration to this effect in a registered letter to the Financial Agent of the Mexican Government at London.

The amount to be received by the Government in connection with each redemption of an option, after deducting the reserve fund corresponding to six months of interest on the nominal amount of the option redeemed (in accordance with article 10a), shall be placed to the credit of the Government in its special account-current as mentioned in the preceding article, value twenty days after the declaration regarding the redemption of the option. The Government shall be allowed to dispose of the funds twenty days after they have been thus placed to its credit.

The stipulations of articles 8, 9, 10, 10a, and 11 of the present contract shall apply likewise with regard to bonds purchased on options.

The Contracting Banks may issue, by public subscription or sale, the bonds purchased by them on options.

They shall have full liberty to fix the rate at which they issue these bonds, as well as the modes of payment and enjoyment of interest.

Article 13.

Up to the expiration of a period of two years from the date which the Contracting Banks have set for the public subscription or sale of the bonds bought outright, the Mexican Government undertakes not to conclude or issue any Foreign Public Debt Loan, and not to negotiate any Treasury Bond or Certificate payable in gold, including the bonds of the present loan on which the options have not been redeemed, unless there be a previous agreement with the Bank of Paris and the Netherlands, as to itself and the Contracting Groups.

Up to the same date, and unless such previous agreement is reached, the Mexican Government agrees not to give its guarantee to any bond or certificate of indebtedness to be issued abroad or payable in gold.

Throughout the duration of the present loan, the Government grants to the Contracting Banks a right of preference on equal terms with respect to all loans, bonds, or certificates of indebtedness whatsoever which it may issue, with the exception of the domestic loans in Mexican dollars. Every offer received by the Government shall therefore be made known by it to the Contracting Banks and shall not be accepted until notice of refusal has been received from said banks, which shall have a period of fifteen days from the date of receipt of the notice in order to decide whether they wish to exercise or refuse this right of preference.

Article 14.

If, between now and the date which the Contracting Banks shall have set for the public subscription or the sale of the bonds taken outright in accordance with article 8, including that date, there should occur events in Europe or America, notably if one of the great Powers of said continents should be at war or experience civil disturbances, or should decree

general mobilization, or proclaim a state of siege (martial law); or if disturbances should appear at one of the markets which the banks charge with the operation and if, in the opinion of the Contracting Banks, the issue of the bonds should thus be rendered impracticable or untimely; or if one of the following minimum limits should be reached for one of the following securities: French 3% perpetual at Paris, 84 francs; English consolidated at London, 73½; Mexican 5% 1899 at Berlin, 92%; Mexican 4% 1910 at Paris, 78%; Mexican National Railroads at 4½%; or First Mortgage at New York, 78%; then the Contracting Banks shall have a right to decline to perform the present contract, which shall then become null and void.

Article 15.

For the performance of the present contract and for the operations connected therewith, the Mexican Government shall be represented by its Financial Agent at London, who shall reach an understanding on all points with the Bank of Paris and the Netherlands, the latter acting on its own behalf and on behalf of the other contracting parties.

Article 16.

	Individual share
1. The National Bank of Mexico shall participate in the operation which is the object of this contract on its own account and on that of the firms and persons which it represents, in the proportion of	5%
2. The Bank of Paris and the Netherlands	28.35%
The General Society for Promoting the Growth of Commerce and Industry in France	22.66%
The National Discount Office of Paris	20.77%
The Bank of the Parisian Union	16.76%
Messrs. Morgan, Harjes & Co	4.72%
Messrs. A. Spitzer & Co	6.73%
	100.00%
Altogether in the proportion of	45.125%

	Individual share
3. The firm of S. Bleichroeder The German Bank The Dresden Bank In the proportion of	19%
4. Messrs. Morgan Grenfell & Co. In the proportion of	19%
5. Messrs. J. P. Morgan & Co. Messrs. Kuhn Loeb & Co. In the proportion of	11.875%
	100.00%

And this without there existing any joint responsibility ("solidarity") among the Banks or groups of Banks indicated above, either as regards the taking outright of a part of the loan, or as regards any of the rights and obligations arising from such taking outright or from the options granted on the balance of the loan. This contract was signed in fourteen copies, at Paris, June 8, 1913.

ANNEX 16

Prospectus issued by Messrs. Morgan, Grenfell & Co., covering bonds issued under the International Banking Group contract of June 8, 1913.

FEDERAL GOVERNMENT OF MEXICO 6 PER CENT. 10-YEAR TREASURY BONDS OF 1913.

Due 1st July, 1923.

(Authorised by Law of Congress promulgated 30th May, 1913. Secured on Customs Receipts.)

Present Issue £6,000,000; or Francs 151,500,000; or Reichsmarks 122,700,000; or U. S. Gold Dollars 29,100,000; or Dutch Florins 72,600,000; or Mexican Dollars 58,500,000.

Offered for Subscription in London, Paris, Amsterdam, Brussels, Geneva and New York.

Part of a Total Issue of £16,000,000, which may be increased to £20,000,000, subject to the consent of the contracting Bankers.

Principal and Interest payable in gold, free of all Mexican Taxes, present and future.

Interest payable 1st January and 1st July.

The Bonds are repayable on 1st July, 1923, but the Government reserves the right to redeem the Bonds, at par, in whole or in part, on 1st July, 1916, or any interest date thereafter, on giving three months' previous notice. In the event of partial redemption, the Bonds to be repaid shall be ascertained by drawings.

Issue in London of £1,450,000 In Bonds to Bearer, of the Denominations of £20, £100, and £200 and the Equivalents in Francs, Marks, U. S. Gold Dollars, Dutch Florins and Mexican Dollars. Principal and Interest are payable, at the option of the holder, either in London, France, Germany, United States of America, Holland, Belgium, Switzerland, or Mexico. Pending delivery of the Definitive Bonds, Provisional Scrip Certificates will be issued with two Coupons attached, one for £2 12s. 6d, per £100 Bonds payable 1st January, 1914, and one for £3, payable 1st July, 1914.

Messrs. Morgan, Grenfell & Co. are prepared to receive applications for Bonds of the London Issue, at the price of 96 per cent., payable as follows: 10 per cent. on Application; 20 per cent. on Allotment; 66 per cent on 1st August, 1913. (total) 96 per cent.

Payment in full may be made on Allotment under discount at the rate of four per cent. per annum.

The Loan has been authorized by a Law of the Congress of the United States of Mexico, promulgated on the 30th May, 1913, empowering the Government to create Treasury Bonds to the amount of £20,000,000 secured upon the Customs Receipts. The Contract for the Loan provides, however, that the Loan shall in the first place be limited to £16,000,000, the balance of £4,000,000 to remain in abeyance and to be issued only with the consent of the contracting Bankers. It further provides that, for a period of two years, the Government engages not to contract any external Loan or negotiate any Treasury Bonds or Obligations payable in gold (including the unissued portion of the present Loan), except in agreement with the contracting Bankers.

The Government also undertakes not to contract any new Loan secured in any way upon the Customs until the bonds of the present Loan are repaid, unless the proceeds of the new loan are applied, and are sufficient, to entirely repay the then outstanding Bonds of the present Loan.

As special security for the Loan the Government hypothecates 38 per cent. of the total receipts from the Import and Export Duties of the United States of Mexico. The Government has undertaken to publish immediately a decree providing that in future the whole of the Duties are to be paid in Customs Certificates, which the National Bank of Mexico will receive from the Government and deliver to the public against cash.

If at any time the 38 per cent. should produce a margin of less than 20 per cent. beyond the amount required for the service of the present Loan, the Government undertakes forthwith to present to Congress a law increasing the Duties so as to produce such margin, and if at any time there should occur a diminution of those Duties, so that the proportion thereof hypothecated for the Loans of 1899 and 1910 has to be increased beyond the 62 per cent. as provided by the Contracts for those Loans, the Government undertakes forthwith to present to Congress a law increasing the Duties, so as to ensure that the 62 per cent. shall be sufficient to meet the requirements of the said Loans.

The Import and Export Duties for the last four years are given by the Mexican Government as follows:

Fiscal year	Total Amount of Duties		38% of Duties Hypothecated to this Loan as above	
	Dollars (Mex.)	Equivalent in Sterling at Exchange of 2/- per $ (Mex.)	Dollars (Mex.)	Equivalent in Sterling at Exchange of 2/- per $ (Mex.)
1st July, 1909 to 30th June, 1910	$47,068,037	£4,706,803 14 0	$17,885,854	£1,788,585 8 0
1st July, 1910 to " , 1911	49,104,647	4,910,464 14 0	18,659,766	1,865,976 12 0
" , 1911 " " , 1912	42,686,356	4,268,635 12 0	16,220,815	1,622,081 10 0
" , 1912 to 31st May, 1913 (11 months)	44,128,089	4,412,808 18 0	16,768,674	1,676,867 8 0
Annual Average	$46,720,118	£4,672,011 16 0	$17,753,645	£1,775,364 10 0
Interest at 6% on £16,000,000			9,600,000	960,000 0 0
			(Mex.)	
Surplus			$8,153,645	£815,364 10 0

It will be seen that the receipts from the import and export duties have been satisfactorily maintained, and the annual average for the last four years shows an ample margin after providing for the interest not only on the present issue of $6,000,000 but also on the whole amount which may eventually be issued.

The proceeds of the present issue will be applied as to £4,000,000 in retiring floating indebtedness and other obligations of the Government, the remainder being available for the general financial requirements of the Government.

The Contract for the Loan has been concluded between the Government and the following Bankers:

National Bank of Mexico, Mexico.
Banque de Paris et des Pays Bas, Paris.
Société Générale pour favoriser le développement du Commerce et de l'Industrie en France, Paris.
Comptoir National d'Escompte de Paris, Paris.
Banque de l'Union Parisienne, Paris.
Morgan, Harjes & Co., Paris.
A. Spitzer & Cie., Paris.
S. Bleichroder, Berlin.
Deutsche Bank, Berlin.
Dresdner Bank, Berlin.
J. P. Morgan & Co., New York.
Kuhn, Loeb & Co., New York.
Morgan, Grenfell & Co., London.

Provisional Scrip Certificates, with coupons for £2 12s. 6d. per £100 Bond, being interest on the instalments as paid due 1st January, 1914, and for £3 being half-year's interest due 1st July, 1914, respectively, will be delivered in exchange for fully paid Allotment Letters. Definitive Bonds will, in due course, be exchanged for Scrip Certificates.

If no allotment is made, the deposit on Application will be returned in full. If a partial allotment is made, the balance of deposit will be appropriated towards payment of the amount due on Allotment. Failure to pay any instalment when due will render previous payments liable to forfeiture.

Application will be made in due course for an official quotation on the Stock Exchange.

Prospectuses and Application Forms may be obtained from—

Messrs. Morgan, Grenfell & Co., 22, Old Broad Street, E. C., London, 30th June, 1913.

The Subscription List will open on Tuesday, 1st July, 1913, and close on or before Thursday, 3rd July, 1913.

ANNEX 17

Loan Contract Dated September 30, 1913, Between the Mexican Government and Certain Mexican Banks.

A letter head which says: Agencia Financiera del Gobierno Mexicano en Londres. 85/98 Finsbury Pavement House, Finsbury Pavement, E. C. Londres 19th. February 1914. Direccion telegrafica: Mexagente, London. Telefono, London Wall No. 1650. Num. R. 78.

DEAR SIR: I beg to send you enclosed a translation of the contract made between my Government and various Banks in Mexico on the 30th. September 1913, and a carbon copy of said translation. The spanish copy sent by your good self is also enclosed.

I hope that the delay experienced in the completion of this work, which was caused by pressure of business at this office in the last few days, is not causing you any inconvenience, and remain, Dear Sir,

Very truly yours,

FINANCIAL AGENT OF THE MEXICAN GOVERNMENT

(S) P. M. DEL PASO

JOHN W. DE KAY, Esq.,

Clairdge's Hotel, Brook St. W.

[Translation.]

CONTRACT made between Sr. Lic. D. Enrique Gorostieta, Secretary of State for Foreign Affairs and also of Finance, representing the Executive Power of the Union, in accordance with the faculties granted to him by the Decree of the 30th. May 1913, of the one part, and the National Bank of Mexico, the Bank of London and Mexico and the Mexican

Bank of Commerce and Industry on their own behalf and for the other Banks, banking houses firms and companies who may accept as participators all of whom shall in future be called "The Banks", of the other part.

ART. I. The Banks undertake to deliver to the Government the sum of TEN MILLION DOLLARS, (10,000,000.) as an advance upon the funds which the Government has to receive as the product of the Securities known under the name of "(Bonos del Tesoro del Gobierno Federal Mexicano") Treasury Bonds of the Mexican Federal Government, 6%, 10 years, 1913," which are issued by virtue of the Contract for the Loan signed in Paris on the 8th, June 1913 by Sr. D. Luis L. de la Barra, Financial Agent of the Mexican Government in London, and the international group of banks headed by the Bank of Paris and Low Countries.

The Banks reserve the right or faculty of increasing the amount advanced on account to the sums which they may consider convenient, without exceeding another EIGHT MILLION DOLLARS ($8,000,000). The said right shall be exercised by the Banks during the month of October next and at the latest on the last day of the said month, they may hand this over in a lump sum of $8,000,000. or by instalments in such sum or sums as they may from time to time resolve, in each case giving the corresponding notice to the Government by means of the usual official communication.

ART. 2. The settled amount agreed to be advanced by this contract is the sum of ($10,000,000.) and shall be handed over to the Government through the General Treasury of the Federation in the following form:—60% ($6,000,-000.) before this Contract is signed; 20% ($2,000,000.) at the latest on the 15th. Oct. next, and 20% ($2,000,000.) being the balance, at the latest on the 31st. of the said month of October.

The amounts by which the Banks resolve to increase the said loan in accordance with what has been stipulated in second paragraph of the preceding article, shall be handed over as follows:—60% on the day on which the Government is advised, 20% at the latest 15 days after the date of the

said advise, and the remaining balance of 20% at the latest a month after the said advise has been given.

ART. 3. This loan or advance shall receive interest at the rate of 7% per annum from the date each sum is handed over and for the whole time it may be totally or partially unpaid. The capital as well as the interest shall be paid precisely in Mexican gold dollars of the weight and standard fixed by the Law of the 25th. March of the year 1905, as soon as the Government shall receive any sum as the product of the 1913, 6% Bonds, mentioned in Art. I; but in any case at the latest on the 1st. January 1914, and in accordance with what has been stipulated in Arts. 7 and 9 of the present Contract.

ART. 4. If by the 1st. January 1914 the Government has not received as a product of the Bonds mentioned in Art. I, a sufficient amount to make the total payment of the advance which is the object of this Contract, this circumstance shall be no obstacle to, besides applying what may have been received as the product of the said Bonds, the total of the cupons given as security in accordance with Art 5 and all and any surplus amount which may result as the 38% of the product of the amount collected by the Customs shall be a special guarantee of the Bonds referred to in Art. I, of this Contract, the surplus of which the Government can dispose according to what has been stipulated in the Loan Contract aforementioned, signed in Paris. Besides the Government shall make up what may be required for the payment, taking the necessary amount from the ordinary receipts. In the respective cases the stipulations of Arts. 8 and 9 shall be duly observed.

ART. 5. The amount advanced by the Banks is guaranteed specially by a charge upon the amount of the said 1913, 6% Bonds, necessary to cover the amount estimating the Bonds at the rate of 85% of their nominal value and calculating the equivalent of the Mexican dollar as regards the pound sterling at the rate fixed by Art. 2. of the Paris Loan Contract. Consequently the Bonds which are affected by virtue of this Contract as regards the fixed $10,000,000. Contract will amount to a total of £1,206,640 –0–0. nominal value which

shall be represented by a provisional Certificate which shall be issued for the purpose. If the amount of the advance should be increased making use of the faculty granted to the Banks in the second paragraph of Art. I, the amount of the Bonds given in pledge shall be proportionately increased and the corresponding provisional Scrip Certificates shall be issued.

Art. 6. The Bonds which in accordance with the present Contract are given in pledge, shall be considered as issued, and shall receive interest at the rate of 6% per annum, from the date of the respective provisional Certificate, they shall enjoy all the privileges and guarantees granted to them by the Contract of the Paris Loan and shall continue subject to the right of option granted to the International Banks by the first part of Art. 12. of the Paris Contract. The Bonds thus pledged shall represent the nominal value of £5,000,000, ($48,750,000.) as regards which, the term for exercising the option granted to the group of International Banks in accordance with the first part of Art. 12 of the Paris Contract expires on the 1st, January 1914, or say six months after the date fixed for the public subscription or the placing of the Bonds which the said group of Banks agreed to take.

Art. 7. If the International group of Banks should avail themselves of the option on the total amount of Bonds for £5,000,000. nominal value, the Government would pay the said Banks the amount of the advance made plus the interests, precisely in Mexican money the said money to be in gold of the weight and standard fixed by the Law of the 25th. March of the year 1905. For the purposes of this payment, the Government will instruct the (Banco de Paris y de los Paises Bajos) Bank of Paris and Low Countries, as representing the group of International Banks, that of the sum which it should deliver as the amount of the said bonds which it may take, it shall place at the disposal of the Banks the necessary sum which converted into Mexican gold of the weight and standard fixed by the Law of the 25th. of March of the year 1905, be delivered to them as a reimbursement of the advance and the interest on same.

ART. 8. If the group of International Banks should not exercise their option upon the total amount of Bonds of the nominal value of £5,000,000, mentioned in the first part of Art. 12, of the Paris Contract, but only on a portion of this amount of Bonds, it will be understood that those who subscribe are precisely those who have taken up this security in conformity with this contract, and therefore, of the product the Banks shall be reimbursed, as far as the amount will go, the sum of their advance plus interest, and for the balance, there shall be applied to them, if they so request, bonds at the rate of 85% as payment of their nominal value, counting the equivalent of the Mexican dollar with the pound sterling at the rate fixed by Art. 2. of the said Paris Contract.

Nevertheless, if the Banks should prefer it, they shall be within their rights in having the total amount of the advance and interests covered, applying to them, of the said bonds which the group of International Banks has not subscribed of the said sum of £5,000,000, the amount which may be necessary in the terms and proportions established in the latter part of the last paragraph.

In case Bonds being applied to satisfy the Banks by virtue of any of the preceding paragraphs, the necessary settlement of accounts shall be carried out in order to determine the interest due up to the date of payment in consideration of the said advance and the compensation which, in such case, for the coupons delivered with the bonds.

ART. 9. The stipulations of the preceding article relative to the application of the Bonds as a total or partial payment of the amount adavnced and the interest thereon, shall only be carried out if the International group of Banks with whom the Paris Contract was made, agrees with same as far as their agreement is necessary in accordance with article 13 of the said Contract, and in the contrary case it shall be the obligation of the Government to pay in cash, in gold of the weight and standard determined by the law of the 25th, March of the year 1905, with the funds referred to in Art. 4 of this Contract.

If the consent of the group of International Banks referred to in the preceding paragraph be not obtained before the

1st. of January 1914, being the limit of time fixed for the payment of the said advance as fixed by Art. 3 of this present Contract, the period may be extended according to the desire of the Government under the same conditions, for a period of six months, or say up to the 1st. July 1914, subject to the payment of interest due plus a commission of half a percent on the amount of the advance.

Equal extensions of time can be granted if the Government so desires for two other periods of six months under the same terms as already stipulated, if the group of International Banks had not given its consent to the application of the bonds at the end of the previous half year; but in any case the amount advanced shall be reimbursed at the latest on the 1st. July 1915, be it in Mexican gold coin of the weight and standard fixed by the Law of the 25th. March 1905 or by means of the pledged bonds, as the banks may desire, and all in accordance to the preceding articles, without it being necessary to obtain the consent of the group of International Banks, although the application of bonds in payment is subject to the right of preference as far as that right is conferred by Art. 13, of the Paris Contract. In each of the extensions the Banks shall be paid the interest due plus a commission of half a percent upon the amount of the advance.

Art. 10. The Government shall communicate by cable with the Bank of Paris and Low Countries, as representative of the banks with whom the Loan Contract was made in Paris, which have received as security in accordance with the present Contract bonds to the value of £1,206,640 respecting the rights which the said Contract grants to the group of International Banks upon the said bonds. Due notice shall also be given by the Government if the Banks resolve to increase the amount of the advance, in accordance with the right granted to them by Art. I, of this Contract.

The Government shall also give instructions to the Bank of Paris and Low Countries so that as soon as the provisional Scrip Certificates corresponding to the bonds given in security are ready, and the said Certificates shall

be got ready as soon as possible, they shall be placed at the disposal of the National Bank of Mexico for all the purposes of this Contract, the said Bank being considered as the representative of the Banks as regards constitution and disposal of the securities.

The final Certificates of the Bonds given as security in accordance with the stipulations in this Contract shall be issued in the same form and with the same requirements as those corresponding to that part of the loan subscribed for by the group of International Banks in accordance with the Paris Contract. If the said group should not make use of its right of option the term of which expires on the 1st. January 1914, the said Certificates shall be issued within a period not exceding two months, the number of the certificates and their denomination being those requested by the Banks from the Government, and in due course these will take the place of the Certificates or Provisional Certificates, for which purpose they shall be delivered to the (Banco de Paris y de los Paises Bajos) (Bank of Paris and Low Countries,) Bank of Paris and of the Netherlands.

ART. 11. In everything relative to this Contract says the stipulations contained in the preceding Article as regards constitution and disposal of the security, the part which has heretofor been called the Banks, shall be represented by the National Bank of Mexico, the Bank of London and Mexico and the Mexica Bank of Commerce and Industry, are hereby authorized to negotiate and carry out all the operations or transactions which may be necessary.

The Banks shall issue Certificates stating the amount advanced by each of the Banks, banking or commercial houses or companies who have taken part in same. The Certificates may be made out in their names or they may be to bearer as desired by the interested parties, and they shall be vised by the Treasurer of the Federation and shall have the coupons decided by the banks which issue them. By virtue of this being a transaction made with the Government, the Certificates shall not require inland revenue stamps.

ART. 12. All the expenses of this transaction including the stamp fees in Paris, in case the payment be made in bonds, shall be paid by the Government.

Transitory Article. The Government declares that it has received on signing this Contract the said $6,000,000, representing the 60% of the amount of the advance contracted for, and having given instructions to the National Bank that it may place, on account of the Government, the necessary funds to meet the payment abroad of the National Railways of Mexico coupons which fall due on the 1st. of October next.

The payments which in accordance with Art. 2, of this Contract have to be made by the Federal Treasury, shall be made by the National Bank, which undertakes to place the corresponding funds.

Drawn up in Mexico the 30th. Sept. 1913.

ANNEX 18.

Letter dated November 3, 1913 from President Victoriano Huerta to John W. de Kay.

For full text of this Annex, see Memorial, p. 44.

The original of this Annex is deposited with the American Agency and is available to the Commission or to the Agent for the United Mexican States.

ANNEX 19

Contract of January 8, 1914, between the Mexican Government and John W. de Kay.

SECRETARIA DE HACIENDA Y CREDITO PUBLICO, MEXICO
DEPARTAMENTO DE CREDITO Y COMERCIO

Contrato celebrado entre el senor Liç. Pascual Luna y Parra, Subsecretario de Hacienda y Credito Publico, en representacion del Ejecutivo Federal por estar encargado del despacho, y el senor John W. de Kay por su propio derecho,

con sujecion a las siguientes clausulas segun acuerdo del Presidente de la Republica tomado en Consejo de Ministros:

PRIMERA. El senor John W. de Kay declara que La Compania Empacadora Nacional Mexicana Limitada, sociedad organizada de acuerdo con las leyes del Estado de Maine, Estados Unidos de America, es duena de concesiones otorgadas por el Gobierno Mexicano con fechas 14 de diciembre de 1903, 4 de septiembre de 1907, y 22 de octubre de 1908 para la construccion, administracion y explotacion del Rastro de la ciudad de Mexico; 7 de febrero, y 22 de octubre de 1908, para la inspeccion sanitaria de los productos de la Casa Empacadora de Uruapan; 4 de abril de 1903, 16 de febrero de 1907, 11 de febrero de 1908, 24 de octubre de 1908 y sus derivados, para el establecimiento de casas de matanza en Michoacan, &c. casas empacadoras, fabrica de desechos animales, aprovechamiento de aguas del Rio Cupatitzio, almacenes refrigeradores y mercados, y por el del Estado de Michoacan con fecha 2 de mayo de 1899, y ademas es propietaria de los siguientes bienes:

(A). Rastro de la ciudad de Mexico.

(B). Casa Empacadora de Uruapan.

(C). Establecimiento de refrigeracion en el Rancho del Chopo, ciudad de Mexico.

(D). Establecimiento de refrigeracion en San Luis Potosi.

(E). Noventa y cinco carros refrigeradores, carros repartidores y maquinaria y equipo.

SEGUNDA. El Capital social de la Compania Empacadora Nacional Mexicana Limitada y los bonos que ha emitido son los siguientes:

(a). Dls. 3.750,000 de acciones comunes, totalmente emitidas y pagadas.

(b). Dls. 9.000,000 de acciones preferentes con derecho a rercibir el 6% de utilidad; pero sin disfrutar la garantia de haber tales utilidades. Estas acciones estan totalmente emitidas.

(c). Bonos hipotecarios de primera hipoteca por valor de Dls. 3.000,000 que devengan interes de 6% anual, emitidos segun contratos celebrados entre la Compania Empacadora

Nacional Mexicana Limitada y el Central Trust Company de Nueva York con fechas 27 de enero de 1911 y 29 de noviembre de 1911, en el concepto de que dichos bonos son pagaderos el 27 de enero de 1931.

(d). Bonos hipotecarios de segunda hipoteca por valor de Dls. 1.500,000 que devengan interes de 6% anual, emitidos segun contrato celebrado entre la Compania Empacadora Nacional Mexicana Limitada y The Farmers Loan & Trust Company de Nueva York con fecha 1° de julio de 1911 en el concepto de que dichos bonos son pagaderos el 1° de julio de 1931.

El control de la Compania Empacadora Nacional Mexicana Limitada, corresponde a tres fidicomisarios (Voting Trustees) nombrados por los tenedores del cincuenta y uno por ciento de los certificados de votacion (Voting Trust Certificates). Estos certificados representan la propiedad de una cantidad exactamente igual a su valor en acciones comunes de la Compania Empacadora Nacional Mexicana Limitada. Se agrega a este contrato, marcado con el numero 1 una copia del convenio de votacion (Voting Trust Agreement) celebrado el 4 de noviembre de 1911.

Tercera. El senor John W. de Kay declara que es propietario del 51% de los certificados de votacion arriba mencionados, con todos los derechos anexos a ellos, y que ponen en sus manos el control absoluta de la Compania Empacadora Nacional Mexicana Limitada, y en virtud de las estipulaciones contenidas en este contrato, ha convenido en transferir al Gobierno Mexicano la propiedad absoluta y sin reservas de ese cincuenta y uno por ciento de certificados de votacion, garantizandole en la forma mas amplia, que constituye el control de la mencionada Compania Empacadora Nacional Mexicana, Limitada, segun el convenio de votacion (Voting Trust Agreement) arriba mencionado.

Cuarta. El Gobierno Mexicano compra al senor John W. de Kay en la contidad de $10,000,000 diez millones de pesos el cincuenta y uno por ciento de los certificados de votacion de que es propietario y que ampara la misma proporcion en el valor de las acciones comunes de la Compania Empacadora Nacional Mexicana, Limitada y constituyen segun se

ha dicho el control de la referida Compania en los siguientes terminos:

(a). Por decreto expedido en la misma fecha de este contrato, en uso de las facultades que concede al Ejecutivo en el ramo de Hacienda el decreto de 17 de diciembre de 1913, se ha autorizado una emision de bonos de la Deuda Publica interior del 6% por valor nominal de $25,000,000 veinticinco millones de pesos, garantizando el pago de intereses y amortizacion en su caso con el producto de los impuestos que se causen en el Rastro de la ciudad de Mexico.

(b). Los bonos que se emitan en representacion de ese fondo de $25,000,000 creado por el decreto que se acaba de mencionar se aplicaran:

(A). Al pago del valor del cincuenta y uno por ciento de los certificados de votacion de la Compania Empacadora Nacional Mexicana, Limitada, que vende el señor John W. de Kay,—$10,000,000 diez millones de pesos valor nominal a la par.

(B). El resto o sean quince millones de pesos los toma en firme el senor John W. deKay al ochenta y cinco por ciento de su valor nominal, quedando facultado para venderlos por su cuenta directamente o realizarlos por conducto de los banqueros a quienes con absoluta libertad ofrecera a las condiciones que estime convenientes, siendo en todo caso su obligacion poner a disposicion del Gobierno la cantidad equivalente en libras esterlinas a $12.750,000 doce millones sietecientos cincuenta mil pesos de que el Gobierno Mexicano dispondra en los terminos de este contrato.

Quinta. El Gobierno Mexicano conviene al adquirir el control de la Compania Empacadora Nacional Mexicana Limitada en garantizar sin restriccion alguna el pago del capital y intereses de las dos series de bonos hipotecarios emitidos por la referida Compania, siendo responsable de los intereses que se vencen el dia 1° de julio del año en curso y desde esa fecha en adelante hasta el vencimiento de dichos bonos. El Gobierno tendra la facultad, pero nunca la obligacion, de crear un fondo de amortizacion de los referidos bonos hipotecarios sin que los tenedores de estos bonos

tengan derecho de obligarlo en ninguna forma a la creacion de dicho fondo.

Sexta. Los bonos creados en virtud del decreto de esta fecha disfrutaran un interes anual de 6% seis por ciento pagadero por semestres vencides los dias 1° de julio y 1°d e enero de cada año, debiendo hacerse el primer pago el dia 1° de julio del corriente año, el cual primer pago comprendera solamente los reditos desde la fecha de la emision de los certificados provisionales, hasta el 30 de junio proximo venidero.

El capital representado por los bonos es reembolsable a los 20 años, contados desde el dia 1° de enero de 1914. El Gobierno Mexicano tiene en todo caso la facultad de amortizarlos desde el dia 1° de enero de 1919 en adelante sea por compra que haga directamente en el mercado o por medio de sorteos.

Septima. El Gobierno tendra debidamente requisitados a mas tardar dentro de cuarenta dias contados desde la fecha de esta contrato, certificados provisionales al portador de cinco mil pesos cada uno que representen el valor total de la emision. De dichos certificados entregara al senor deKay $10,000,000 diez millones de pesos en cambio de los certificados de votacion que representen el cincuenta y uno por ciento de las acciones ordinarias de la Compania Empacadora Nacional Mexicana y el resto en la forma que expresaran las clausulas 11 y 12–. El texto de los certificados provisionales y de los bonos definitivos que emitira el Gobierno Mexicano por la suma de $25.000,000 veinticinco millones de pesos contendra las estipulaciones y convenios que se expresan en las clausulas 8ª y 9ª de este contrato y cualesquira otras estipulaciones adicionales que se consideren convenientes por parte del Gobierno para hacer completamente claras las obligaciones del mismo Gobierno. El texto de dichos bonos sera redactado por el Gobierno Mexicano de acuerdo con el senor deKay.

Los bonos definitivos se emitiran de las series y con los valores nominales que designara el senor deKay a mas tardar el 31 de marzo del corriente ano y tanto estos como los certificados provisionales seran impresos en espanol, ingles y

frances y en el reverso de cada uno aparacera impresa en los mimos idiomas el texto de los decretos de 17 de diciembre de 1913 y de esta fecha en virtud de los cuales dichos bonos seran creados. El canje de los certificados provisionales por los bonos definitivos se hara a mas tardar el 1° de junio de 1914 efectuandose dicho canje por el intermediario de un banco de la ciudad de Londres que designara el senor deKay, debiendose destruir con intervencion del Gobierno los certificados provisionales al efectuarse el canje.

Octava. Se establece la relacion fija entre el peso Mexicano y la moneda inglesa a razon de veinticuatro y medio peniques por cada peso, y esta relacion servira de base en todo tiempo para los pagos de capital e intereses que deberan hacerse en Europa.

Novena. El Gobierno Mexicano afecta de un modo especial y expreso a la garantia del pago de intereses y capital de los bonos creados en virtud del decreto de esta fecha los impuestos que se causen en el Rastro de la ciudad de Mexico los cuales se aumentaran en caso necesario cuando el Gobierno tenga el control de la Compania Empacadora Nacional Mexicana, Limitada, en tal forma que produzcan por lo menos $1,500,000 un millon quinientos mil pesos anualmente. Estos impuestos seguiran cobrandose como hasta ahora, diariamente y su producto total sera depositado cada semana en el Banco Nacional de Mexico, el que llevara una cuenta especial de ello y los destinara de un modo exclusivo al pago de los reditos de los bonos a que este contrato se refiere, en la cantidad necesaria para cubrir el servicio de reditos en un semestre, pues el Gobierno podra disponer de la cantidad que resulte sobrante.

Cada tres meses se situaran los fondos que haya producido este impuesto en uno de los bancos de Londres o Paris que designe el senor John W. deKay, en el concepto de que dicho banco debera abonar al Gobierno un interes de dos por ciento anual sobre los saldos diarios de las cantidades que tengan a su disposcion.

Si por cualquier motivo la cuenta de los impuestos no ascendiere a la suma necesaria para cubrir los intereses de los bonos, el Gobierno Mexicano tiene la obligacion antes

del 1° de Junio y del 1° de diciembre de cada ano de saldar las diferencias, tomandolo de sus ingresos generales con objeto de que siempre antes del 1° de julio y del 1° de enero de cada ano, tengan los banqueros de Londres o de Paris con quienes se depositen las sumas destinadas al pago de reditos, la cantidad suficiente para pagar el cupon que venza respectivamente el 1° de julio y el 1° de enero.

Decimo. El capital e intereses de los bonos a que este contrato se refiere, estaran exentos de todo impuesto o contribucion de cualquiera clase que sea, tanto federal como de los Estados de la Republica o de los Territorios o de los Municipios.

Undecima. El producto de los bonos se destribuira en la siguiente forma:

A. Diez millones de pesos valor nominal a la par de los bonos se entregaran al senor John W. de Kay, como pago del control de la Compania Empacadora Nacional Mexicana, Limitada, y tendra el derecho mas absoluto para disponer del total o parte de estos bonos o del producto de ellos sin restriccion de ningun genero siempre que hubiere entregado los certificados de votacion que representan el cincuenta y uno por ciento de las acciones ordinarias de la Compania Empacadora Nacional Mexicana, Limitada.

B. El resto de los quince millones de pesos en bonos pertenece al Gobierno Mexicano y el senor John W. de Kay los toma en firme al ochenta y cinco por ciento de su valor nominal o sea la cantidad equivalente en libras esterlinas a doce millones setecientos cincuenta mil pesos manteniendo el valor del peso mexicano a razon de veinticuatro y medio peniques.

De esta cantidad el Gobierno podra disponer en la siguiente forma:

El Gobierno Mexicano aceptara del senor John W. de Kay la entrega de las armas y parque que la Secretaria de Guerra ha contratado y que estan pormenorizados en el diverso contrato de esta fecha, celebrado entre el senor John W. deKay y el Gobierno Mexicano por conducto de la expresada Secretaria de Estado y del Despacho de Guerra. El Gobierno se dara por satisfecho de la entrega al recibir los

conocimientos de embarque en los puertos europeos que el Gobierno designe y sino hiciere entrega de esas armas en el tiempo estipulado, pondra a disposicion del Gobierno Mexicano el dinero en efectivo.

DUODECIMA. Dentro del plazo de cuarenta dias contado desde la fecha en que esten listos para su entrega los certificados provisionales de que habla la clausula 7ª el senor John W. deKay obligado a poner a disposicion del Gobierno en efectivo, una cantidad en libras esterlinas equivalente cuando menos a seis millones cuatrocientos quince mil novecientos setenta y tres pesos treinta y ocho centavos como parte del producto de los quince millones de pesos en bonos valor nominal, en el concepto de que la expresada suma se calculara al tipo fijado en la fraccion (a) del articulo undecimo de este contrato, o bien entregara al Gobierno Mexicano dentro del plazo antes estipulado los documentos de embarque que amparan las armas y parque ya contratados por el mismo Gobierno, que se especifican pormenorizadamente en el contrato celebrado entre el senor John W. deKay y el Ejecutivo de la Union representado por la Secretaria de Guerra relativo a la venta de armas y parque.

Dentro del plazo de treinta dias contados desde la expiracion del anterior, el senor John W. deKay queda obligado a entregar al Gobierno Mexicano la cantidad de seis millones trescientos treinta y cuatro mil veintiseis pesos sesenta y dos centavos en pago total y como saldo del resto de los quince millones de pesos en bonos valor nominal o en su defecto entregara al Gobierno Mexicano otra cantidad de armas y municiones por el valor que acaba de expresarse al precio estipulado en el convenio hecho entre el Gobierno Mexicano y el senor John W. deKay; y el cumplimiento de esta obligacion se considerara como el pago final y total del valor de los bonos por quince millones de pesos, pero en el concepto de que la entrega de la expresada suma de seis millones trescientos treinta y cuatro mil veintiseis pesos sesenta y dos centavos se hara en libras esterlinas a la equivalencia de veinticuatro y medio peniques por peso.

A mas tardar al hacer la entrega de los conocimientos de embarque que amparen armas por valor de seis millones

cuatrocientos quince mil novecientos setenta y tres pesos treinta y ocho centavos, el senor John W. deKay entregara al Agente Financiero del Gobierno Mexicano en Londres los certificados de votacion que amparen el cincuenta y uno por ciento de las acciones comunes de la Compania Empacadora Nacional Mexicana Limitada, y entonces recibira el senor deKay una cantidad en certificados provisionales que sea suficiente a cubrir el valor de las armas de que acabade hablarse, y la mitad de los diez millones de pesos convenidos como precio del control de la Compania Empacadora Nacional Mexicana Limitada. El resto de esos certificados provisionales que constituyen el precio del control, o sea cinco millones de pesos de dichos certificados, quedaran depositados en la Agencia Financiera de Mexico en Londres, y de ellos no podra disponer el senor deKay entretanto no entregue los seis millones trescientos treinta y cuatro mil veintiseis pesos sesenta y dos centavos que forman el saldo del valor de la emision.

Desde el momento en que el senor John W. deKay haga entrega del cincuenta y uno por ciento de los certificados de votacion que vende al Gobierno de Mexico, podra el mismo Gobierno hacer la designacion de los tres fideicomisarios de la Compania Empacadora Nacional Mexicana Limitada, los cuales constituiran el consejo de votacion de comisarios de dicha Compania y se registrara a nombre de dichos comisarios asi nombrados la totalidad de las acciones ordinarias de la Compania Empacadora Nacional Mexicana Limitada, a excepcion de nueve acciones de cien dolares cada una que se necesita reservar como acciones de garantia para los directores.

El consejo de fideicomisarios asi escogido por el Gobierno nombrara la totalidad de los directores de la Compania Empacadora Nacional Mexicana Limitada, e immediata mente dara posesion como funcionarios y gerentes de la misma Compania a las personas que designe el Gobierno por conducto del Consejo de fideicomisarios.

Decima tercera. Todas las deudas de la Compania, excepto las que resulten por las acciones y por los bonos,

seran pagadas por el senor John W. de Kay con las existencias de la Compania el dia en que se entreguen al Gobierno el cincuenta y uno por ciento de los certificados de votacion o sea el control. considerando como tales existencias solamente las cantidades en efectivo, el ganado no sacrificado y los productos naturales dela empresa que haya disponibles.

Decima cuarta. En todo tiempo despues que haya sido entregado al Gobierno Mexicano el cincuenta y uno por ciento de los certificados de votacion de la Compania Empacadora Nacional Mexicana Limitada, los tenedores de bonos de primera hipoteca por valor de tres millones de dolares y los tenedores de los mismos titulos de segunda hipoteca por valor de un millon quinientos mil dolares podran ocurrir al Agente Financiero de Mexico en Londres para que consigne al dorso de los respectivos titulos la obligacion que el Gobierno Mexicano contrae de garantizar el pago del capital e intereses de los mencionados bonos de primera hipoteca y de los de segunda, y el Gobierno Mexicano dara al efecto al expresado Agente Financiero las instrucciones necesarias para ello inmediatamente que reciba los titulos que aseguran el control de la Compania Empacadora Nacional Mexicana Limitada.

Decima quinta. Dentro de los cuarenta dias siguientes a la fecha en que el senor John W. deKay hubiere concluido la compra de los quince millones de pesos en bonos de la deuda interior, notificara al Gobierno si puede o no suministrarle el resto del armamento y municiones que se especifican en el contrato que tiene celebrado con el mismo Gobierno, y en caso afirmativo, recibira en pago por ellos en la forma especificada en el contrato respectivo, bonos que se creen por el Gobierno de la Deuda Interior del seis por ciento o bonos del emprestito exterior do 1913 al noventa por ciento de su valor e identicos en todo a los emitidos por el Banco de Paris y de los Paises Bajos y otros banqueros en 1913, a eleccion del mismo senor John W. de Kay.

Decima sexta. El Gobierno Mexicano no podra hacer responsable al senor John W. deKay en manera alguna por cualquier retardo que pueda ocurrir por parte del Gobierno

al inspeccionar y admitir las armas y municiones que el mismo Gobierno pretende comprar al senor deKay: en el concepto de que se estipula expresamente que las armas y municiones a que se refiere este contrato y que importan la suma de seis millones cuatrocientos quince mil novecientos setenta y tres pesos treinta y ocho centavos, se hara precisamente el Puerto de Hamburgo.

Decima septima. De los veinticinco millones en bonos creados en esta fecha, el senor W. deKay podra colocar en subscripcion publica en los mercados extranjeros que el elija y por conducto de las casasbancarias, bancos, casas de emision y bolsas que el mismo senor John W. deKay escoja, la cantidad que el designe, entendiendose que por este contrato qued expresa y especialmente facultado para hacer y llevar a cabo tal colocacion y si se recibieren subscripciones por cuenta del Gobierno Mexicano o por su conducto por lo que se refiere al total o parte de la emision de dichos bonos por valor de veinticinco millones de pesos, el repetido senor John W. deKay tendra el derecho de disponer del total de esa colocacion en los terminos antes estipulados en la clausula undecima.

Decima octava. En los casos en que se estipula en este contrato que el senor John W. deKay debera hacer alguna notificacion o aviso al Gobierno Mexicano, se entiende que un aviso dado por escrito al Agente Financiero del Gobierno Mexicano en Londres sera considerado como suficiente por lo que se refiere a la obligacion del repetido senor John W. deKay.

Decima novena. TODOS LOS GASTOS que requiera este contrato para su legalizacion seran por cuenta del senor John W. deKay, en el concepto de que el mismo contrato no lleva timbres en virtud de lo prevenido en el articulo 5° del decreto de esta fecha que autoriza la emision de los bonos.

Si con motivo de la colocacion de los bonos en los mercados extranjeros hubiere de causarse algun impuesto, sera por cuenta del senor John W. deKay el correspondiente a los diezmillones que recibe en pago del control de la Compania Empacadora Nacional Mexicana Limitada, y por cuenta del Gobierno el que corresponda al resto de quince millones

que el senor deKay toma en firme al ochenta y cinco por ciento de su valor nominal.

Es hecho por duplicado en la Ciudad de Mexico, a los ocho dias del mes de enero de mil novecientos catorce y van firmadas por cada una de las partes contratantes, las doce hojas que contiene el mismo contrato.

Testado—seis millones—no vale—Entre lineas—W—a—poner vale

P. Luna y Parra. John W. deKay.

Numero 1633.

El infrascrito Subsecretario de Relaciones Exteriores,

Certifica: que el Senor Pascual Luna y Parra es Subsecretario de Hacienda y Credito Publico, Encargado del Despacho ——— y suya la firma que antecede. ——— Mexico diez de enero ——— de mil novecientos catorce ———

Por Orden del Secretario

El Oficial Mayor

G. Fernandez MacGregor.

Reg. B. Nr. 1.

Gesehen im Kaiserlich Deutschen Konsulat zur Beglaubigung vorstehender Unterschrift des Direktors im Ministerium des Aeusseren Hern G. Fernandez Mc.Gregor.

Mexiko, den 10. Januar 1914.

Der Kaiserliche Generalkonsul.

Bieloff.

Gebuhr nach Nr. 20 d. T.

M 10.00 gl. $5.00.

Vu pour la legalisation de la signature de M. G. Fernandez McGregor-Employe Superieur du Ministere des Affaires Etrangeres du Mexique.

Apposee Cidessus

Mexico le 10 Janvier 1914

J. J. Lemmens.

Consulat de Belgique a Mexico

Visto en este Consulado de Espana Bueno para legalizar la firma de Don Genaro Fernandez MacGregor, Oficial Mayor de la Secretaria de Relaciones Exteriores

Mexico 10 de Enero de 1914

El Consul de Espana.
Emilio Moreno.

Mexico
Num de orden 8.
Art de la Tarifa 45
Dros-Ptas 5 Pesos 2.50
20% " 1 " 0.50
Fecha 10-1-14.
Z. 3177

Gesehen zur Beglaubigung der vorstehenden Fertigung des Herrn G. Fernandez MacGregor, Direktors im Ministerium des Aeusseren.

K. und K. Oesterr.-ungar. Konsulat in Mexico am 10 Januar 1914.

Der K. und K. Konsul.
Lorenz.

Kons.-Geb. behoben
(kr. 6.76-5.38) 12.13
$5.15 cts.
Num/63.

El que subscribe, Ministro del Japon en Mexico,

Certifica: que la firma que existe al pie del documento num. 1633, es la que usa el Senor Lic. Don Genaro Fernandez MacGregor, Oficial Mayor de la Secretaria de Relaciones Exteriores.

Mexico, Enero 10 de 1914

M. Adatci.

(Form No. 88.)

FORM FOR AUTHENTICATION OF SIGNATURE

Consulate-General of the United States of America at Mexico, Mexico,
January 10, 1913.

I, Arnold Shanklin, consul general of the United States of America at Mexico, Mexico, do hereby certify that the signature of G. Fernandez MacGregor at the foot of the paper hereto annexed, is his true and genuine signa-

ture, and that the said G. Fernandez MacGregor is personally known to me to be, Chief Clerk of the Department of Foreign Relations of Mexico.

In witness whereof, I have hereunto set my hand and affixed the seal of this Consulate-General at Mexico, Mexico, the day and year next above written, and of the Independence of the United States the 138.

ARNOLD SHANKLIN,
Consul General of the United States of America at Mexico, Mexico.

N. S. No. 15 Tariff No. 38.

Received $5.60 Mexican pesos.

Equal to $2.00 U. S. Currency.

I hereby Certify that the signature on the preceding page is that of Senor G. Fernandez MacGregor, Chief Clerk of the Ministry for Foreign Affairs. Given under my hand and seal in the city of Mexico this tenth day of January nineteen hundred and fourteen.

LIONEL CARDEN,
H. B. M. Minister.

British Legation, Mexico, 10th January 1914.

MEXICO
QUITTCE No. 260
Date 10 Jan 1914.
ART 171
TARIFF
OBS, Reciprocite
Percu $6.48

Vu pour la legalisation de la signature apposee d'autrepart de M. Le Lic. Genaro Fernandez MacGregor Employe principal des Relations Exterieures

Mexico, le 10 Janviez 1914

LE CONSUL DE FRANCE.

VISTO per la legalizzazione della firma del Signor GENARO FERNANDEZ MACGREGOR UFFICIALE MAGGIORE DEL MINISTERO delle Relazioni Esteriori della Republica del Messico

Messico 10 Gennaio 1914

Il R CONSOLE.

Percez. No. 7
Art. Tar. Cons. 71
Riscosse £10.

[Annex 19—Translation]

MINISTERY OF FINANCE AND PUBLIC CREDIT, MEXICO

DEPARTMENT OF CREDIT AND COMMERCE

CONTRACT made between Mr. Pascual Luna y Parra Sub-Secretary of Finance and Public Credit, in charge of that office, representing the Federal Executive and Mr. John W. de Kay in his own right in accordance with the following clauses: under Agreement of the President of the Republic taken in Council of the Ministers:

FIRST. Mr. John W. de Kay declares that the Mexican National Packing Company Limited organised under the laws of the State of Maine, United States of America, is the owner of concessions granted by the Mexican Government dated 14th of December 1903, 4th September 1907 and 22nd of October 1908 for the construction, administration and exploitation of the Rastro of the City of Mexico; 7th of February and 22nd of October 1908 for the sanitary inspection of the products of the Packing House of Uruapan; 4th of April 1903, 16th of February 1907, 11th of February 1908, 24th of October 1908 for the construction of a packing house in Michoacan and a factory for by-products; also refrigerator stores and markets and for the use of the waters of the river Cupatitzio and from the State of Michoacan dated the 2nd of May 1899 also it is the owner of the following properties:

(A) Rastro of the City of Mexico.

(B) Packing House at Uruapan.

(C) Cold Storage Warehouse at Rancho del Chopo in the City of Mexico.

(D) Cold Storage Warehouse in San Luis Potosi.

(E) Ninety-five refrigerator cars, delivery vans and other machinery and equipment.

SECOND. The Capital of the Mexican National Packing Company Limited and the Bonds which have been issued are as follows:

(a) 3,750,000 dollars Common Stock fully issued and paid.

(b) 9,000,000 dollars preferred Stock with the right to receive six per cent dividends but with no guarantee that they will have such dividends.

These shares have been fully issued.

(c) First mortgage bonds for the value of 3,000,000 dollars drawing six per cent interest per annum issued under agreements made between the Mexican National Packing Company Limited and the Central Trust Company of New York dated the 27th day of January 1911 and the 29th of November 1911 on the understanding that said bonds are to be paid off on the 27th of January 1931.

(d) Second mortgage bonds for the value of 1,500,000 dollars drawing six per cent interest per annum issued under agreement made between the Mexican National Packing Company Limited and the Farmers' Loan and Trust Company of New York dated the 1st day of July 1911 on the understanding that such bonds are to be paid off on the 1st of July, 1931.

The control of the Mexican National Packing Company Limited is vested in three voting Trustees named by the holders of 51 per cent of the Voting Trust Certificates. These Certificates represent an equal amount in the Common Stock of the Mexican National Packing Company Limited. A copy of the Voting Trust agreement dated the 4th of November 1911 is attached to this Contract and marked as Exhibit No. 1.

Third. Mr. John W. de Kay states that he is the owner of 51 per cent of the Voting Trust Certificates above mentioned with all of the rights attached to them and that they constitute the absolute control of the Mexican National Packing Company Limited. In virtue of the stipulations and agreements contained in this Contract he has agreed to transfer to the Mexican Government the absolute ownership, without reserve, of 51 per cent of the above mentioned Voting Trust Certificates fully guaranteeing that they constitute the control of the Mexican National Packing Company Limited, as set out in the Voting Trust Agreement above mentioned.

FOURTH. The Mexican Government purchases from Mr. John W. deKay for the sum of 10.000.000 pesos fifty one per cent of the Voting Trust Certificates of which he is the owner and which represent the same proportion in value of the Common Stock of the Mexican National Packing Company Limited and which as has been stated constitutes the control of the said Company in the following terms:—

(a) By decree issued on the same day as this Contract, in use of the powers granted to Executive in the Ministry of Finance by a decree of the 17th of December 1913 there has been authorized an issue of 6% Bonds of the Interior Public Debt for the par value of 25.000.000 pesos guaranteeing the due payment of the interest and amortization, of such Bonds, with the products *of the taxes collected at the Rastro of the City of Mexico.*

(b) The Bonds to be issued to the amount of 25.000.000 pesos created by the decree just mentioned will be applied:

(A) To the payment of the value of the 51 per cent of the voting Trust Certificates of the Mexican National Packing Company Limited which are sold by Mr. John W. de Kay, *10.000.000 pesos nominal* value at par.

(B) The balance, namely 15.000.000 pesos are taken firm by Mr. John W. de Kay at 85 per cent of their par value, he having the right to sell them directly for his own account or to realise them by means of Bankers to whom he is authorised to offer them with absolute liberty on any conditions that he may consider convenient, being in any case obliged to place at the disposal of the Mexican Government a sum in pounds sterling equivalent to 12.750.000 pesos, of which sum the Government will dispose according to the terms of this Contract.

FIFTH. The Mexican Government agrees in acquiring the control of the Mexican National Packing Company Limited to guarantee without any restrictions whatever the payment of the principal and interest of the two series of Mortgage Bonds issued by said Company, *being responsible for the interest which falls due on the 1st of July of the present year and from that date onward until the date of the redemption of said Bonds.* The Government will have the right but will

not be obliged to create a fund for the amortisation of said Bonds and the Holders of these Bonds will not have any right to oblige the Government in any form to create said Fund.

SIXTH. The Bonds created by virtue of the decree of this date will receive an annual interest at the rate of six per cent payable every six months on the 1st day of July and the 1st day of January of each year; the first payment on the 1st of July of this year will only comprise the interest from the date of the issue of the Provisional Certificates until the 30th of June next.

The principal of these Bonds is repayable at the end of twenty years counting from the 1st of January 1914. The Mexican Government has the right in any case to redeem them on or after the 1st of January 1919 either by buying them directly in the market or by means of drawings.

SEVENTH. The Government will have duly prepared at the latest within forty days from the date of this Contract Provisional Certificates to bearer of 5,000 pesos each representing the total amount of the issue. It will deliver to Mr. de Kay 10,000,000 pesos of such certificates in exchange for the Voting Trust Certificates representing the 51 per cent of the Common Stock of the Mexican National Packing Company Limited and the balance under the terms that will be stated in clauses 11a and 12a of this contract. The text of the Provisional Certificates and of the Definitive Bonds which the Mexican Government will issue to the amount of 25,000,000 pesos will contain the stipulations and agreements expressed in clauses 8a and 9a of this contract, and whatever other additional stipulations that may be considered convenient in order for the Government to make its obligations completely clear. The text of said Bonds will be drawn up by the Mexican Government in agreement with Mr. de Kay.

The Definitive Bonds will be issued in the series and with the denominations which will be designated by Mr. de Kay at the latest by the 31st March of the present year and such Bonds as well as the Provisional Certificates will be printed in Spanish, English and French and on the reverse side of each one there shall be printed in the same languages the

text of the decrees of the 17th of December 1913 and of this date, in virtue of which, said Bonds will be created. The exchange of the Provisional Certificates for the Definitive Bonds will be made at the latest on the 1st of June 1914 such exchange to be made through the intermediary of a bank in the City of London that will be designated by Mr. de Kay; duly destroying the Provisional Certificates with the intervention of the Government on their exchange.

EIGHTH. It is established that the fixed rate between the Mexican peso and the English money is twenty four and a half pence for each peso and that this rate will serve as a basis for all time for the payment of the principal and interest which will be made in Europe.

NINTH. The Mexican Government allocates in a special and express manner as a guarantee for the payment of the interest and principal of the Bonds created by virtue of the decree of this date, all of the taxes collected at the Rastro of the City of Mexico which taxes will be increased as necessary when the Government has the control of the Mexican National Packing Company Limited in such form that said taxes will produce at least 1.500.000 pesos annually. These taxes will continue to be collected daily as at present and the entire amount will be deposited each week in the National Bank of Mexico which will keep a Special account for such taxes, and will dedicate them exclusively to the payment of the service of the Bonds referred to in this Contract, and after an amount necessary to cover such services, the Government will be able to dispose of any sum over and above the amount necessary to cover the service for each six months.

Every three months the funds produced by these taxes will be remitted to one of the Banks of London or Paris designated by Mr. John W. de Kay on the understanding that said Bank will credit the Government with interest at the rate of two per cent per annum on the amount standing daily at its disposal.

If on account of whatever circumstances the amount of the taxes should not be sufficient to cover the interest of the Bonds the Mexican Government has the obligation before the 1st of June and the 1st of December of each year to

make good the difference, taking such sum from its general income, with the object that always before the 1st day of July and the 1st day of January of each year Bankers in Paris or London with whom may be deposited the sums for the payment of the service will have an amount sufficient to pay the coupons maturing respectively on the 1st day of July and the 1st day of January.

TENTH. The capital and interest of the bonds to which this contract refers shall be exempt from all taxes or contributions of whatever sort federal as well as of the states of the Republic or of its territories or municipalities.

ELEVENTH. The Proceeds of the bonds will be distributed in the following manner:

(A) Ten Million pesos nominal value of the Bonds at par will be delivered to Mr. John W deKay as payment for the control of the Mexican National Packing Company Limited and he will have the most absolute right to dispose of all or any part of these bonds or of the product of the same without any restrictions of any kind whatsoever if he has delivered the Voting Trust Certificates which represent the 51 per cent of the Common Stock of the Mexican National Packing Company Limited.

(B) The remainder of Fifteen million pesos of Bonds belongs to the Mexican Government and Mr. John W. de Kay takes them firm at 85 per cent of their nominal value that is an equivalent sum in pounds sterling to Twelve million seven hundred and fifty thousand pesos at the rate of exchange of Twenty four and a half pence per peso.

The Government will be able to dispose of this sum in the following manner:

The Mexican Government will accept from Mr. John W. de Kay the delivery of the arms and munitions which the Secretary of War has contracted for and which are detailed in another Contract of this date made between Mr. John W. de Kay and the Mexican Government through the said Department of State and Ministry of War. The Government will receive as fulfilment of the delivery the Bills of Lading calling for the shipments from European ports which the Government will designate and if he should not deliver

the arms in the time stipulated he will place at the disposal of the Mexican Government the amount in cash.

TWELFTH. Within a period of forty days counting from the date upon which the Provisional Certificates may be ready for delivery as referred to in Clause 7 a Mr. John W. de Kay is obliged to place at the disposal of the Government in cash a sum in pounds sterling equivalent at least to six million four hundred and fifteen thousand nine hundred and seventy three pesos thirty eight centavos as part of the proceeds of the fifteen million pesos of the Bonds nominal value; on the understanding that the above mentioned sum will be collected at the rate of exchange in paragraph (a) of the eleventh Clause of this Contract or in lieu of this he will deliver to the Mexican Government within the time above stipulated the shipping documents which cover the arms and munitions already contracted for by the said Government and which are specified in detail in the contract made between Mr. John W. de Kay and the Executive of the Union represented by the Secretary of War relative to the sale of arms and munitions.

Within the period of thirty days counting from the expiration of the above, Mr. John W. de Kay is obliged to deliver to the Mexican Government the sum of six million three hundred and thirty four thousand and twenty six pesos sixty two centavos in total payment of the balance of the 15,000,000 pesos nominal value of the Bonds or failing to do that he is to deliver to the Mexican Government another quantity of arms and munitions to this value at the price expressed in the agreement made between the Mexican Government and Mr. John W. de Kay; and the compliance with this obligation will be considered as the final and total payment of the value of the Bonds for 15,000,000 pesos, but as stated in the contract the payment of the aforementioned sum of six million three hundred and thirty four thousand twenty six pesos and sixty two centavos would be made in pounds sterling or its equivalent at the rate of twenty four and a half pence per peso.

Not later than the day when the bills of lading covering the arms to the amount of six million four hundred and

fifteen thousand nine hundred and seventy three pesos thirty eight centavos are delivered, Mr. John W. de Kay will deliver to the Financial Agent of the Mexican Government in London, the Voting Trust Certificates representing fifty-one per cent of the Common Stock of the Mexican National Packing Company Limited and thereupon Mr. de Kay will receive a sum in Provisional Certificates which will be sufficient to cover the value of the arms just mentioned and also half of the ten million pesos agreed to as the price of the control of the Mexican National Packing Company Limited. The remainder of these Provisional Certificates which constitute the price of the control namely five million pesos of said Certificates, will remain deposited in the Financial Agency of Mexico in London and Mr. de Kay will not be able to dispose of them until he has delivered the six million three hundred and thirty four thousand and twenty six pesos sixty two centavos which constitute the balance of the value of the issue.

At the time of the delivery by Mr. John W. de Kay of the fifty-one per cent of the Voting Trust Certificates which he sells to the Mexican Government the said Government will appoint the three Voting Trustees of the Mexican National Packing Company Limited who will nominate the Board of Directors of the said Company and in the names of these three Voting Trustees so appointed will be registered all the Common Stock of the Mexican National Packing Company Limited with the exception of nine shares of the nominal value of One hundred dollars each, which it is necessary to reserve as shares for the Directors.

The Voting Trustees chosen by the Government will appoint all of the Directors of the Mexican National Packing Company Limited, who will immediately give possession as managers and officials of the said Company the persons designated by the Government through the medium of the Voting Trustees.

THIRTEENTH. All of the debts of the Company except those which result from the shares and the Bonds will be paid by Mr. John W. de Kay with the assets of the Company on the day on which the Fifty-one per cent of the

Voting Trust Certificates, otherwise the control, is delivered to the Government considering such assets to consist of the cash in hand, the live stock and the disposable products of the Company.

FOURTEENTH. At any time after the fifty-one per cent of the Voting Trust Certificates of the Mexican National Packing Company Limited have been delivered to the Mexican Government the holders of the First Mortgage Bonds to the amount of three million dollars and the holders of the Second Mortgage Bonds for the amount of One Million five hundred thousand dollars will have the right to apply to the Financial agent of Mexico in London for the endorsement on the respective Bonds, the obligation of the Mexican Government guaranteeing the Payment of the interest and principal of the above mentioned First and Second Mortgage Bonds, and the Mexican Government will to that effect give to the Financial Agent the necessary instructions immediately when it receives the documents securing the control of the Mexican National Packing Company Limited.

FIFTEENTH. Within forty days after the date on which Mr. John W. de Kay may conclude the purchase of the fifteen million pesos of Bonds of the interior Debt he will notify the Government whether or not he is able to furnish the remainder of the arms and munitions which are specified in the Contract he has made with the said Government and if in the affirmative he will receive in payment for the sum in the form specified in this respective Contract the Bonds of an Interior Debt six per cent which may be created by the Government or Bonds of the External Loan of 1913 at Ninety per cent of their par value and identical in all respects to those issued by the Banque de Paris et des Pays-Bas and other bankers in 1913 at the choice of option of said Mr. John W. de Kay.

SIXTEENTH. The Mexican Government will not hold Mr. de Kay responsible in any manner for whatever delays that may occur, on the part of the Government in the inspection and passing of the arms and munitions which the said Government has agreed to buy from Mr. de Kay on the understanding that it is expressly stipulated that the arms

and munitions referred to in this Contract to the amount of six million four hundred and fifteen thousand nine hundred and seventy three pesos thirty eight centavos must be made through the port of Hamburg.

SEVENTEENTH. Of the Twenty five million pesos of Bonds created on this date, Mr. de Kay has the power to issue for public subscription in the Foreign markets which he may select and through the medium of the banking houses, banks, issuing houses or Stock Exchange houses which the same Mr. John W. de Kay may select, the amount which he may designate; it being understood that by this Contract he is expressly and specially authorized to carry out such negotiations and if subscriptions should be received for the account of the Mexican Government or for his own account, whether for all or a part of the issue of the said Bonds to the amount of twenty five million pesos, the said John W. de Kay will have the right to dispose of the whole amount of the issue in the terms heretofore stipulated in Clause Eleven.

EIGHTEENTH. In all cases in which it is stipulated in this Contract that Mr. John W. de Kay must give "notice to" or "advise" the Mexican Government, it is understood that such "notice" or "advice" given in writing to the Financial Agent of the Mexican Government in London will be considered as sufficient so far as it refers to the obligations of the said John W. de Kay.

NINETEENTH. All of the expenses which are required by this Contract for its legislation shall be for the account of Mr. John W. de Kay on the understanding that said Contract will not be stamped in virtue of the provisions of the Article 5 of the decree of this date, which authorises the issue of the Bonds. If by reason of placing the Bonds on the foreign markets there should be any tax it will be for the account of Mr. John W. de Kay with respect to the ten million which he receives in payment for the control of the Mexican National Packing Company Limited and for the account of the Government with respect to the remainder of the fifteen million pesos which Mr. de Kay takes firm at 85 per cent of their par value.

49085—27——27

Made in duplicate in the City of Mexico on the 8th day of the month of January 1914, and signed by each one of the contracting parties, on the twelve pages which contain the said contract.

JOHN W. DE KAY.

P. LUNA Y PARRA.

An adhesive stamp for one peso cancelled with an impress stamp Ministry of Foreign Affairs 10th January 1914 Mexico.

On the right hand side.

An impress stamp as above No. 1633.

The undersigned Under-Secretary of Foreign Affairs, certifies that Mr. Pascual Luna Y Parra is Sub-Secretary of Finance and Public Credit in charge of the Ministry and that it is his signature that is above.

MEXICO, 10th January 1914.

By order of the Secretary,

G. FERNANDEZ MACGREGOR,
Chief Clerk.

The above signature of the Chief Clerk of the Ministry of Foreign Affairs of Mexico is legalized by the following in Mexico City:

(A) Arnold Shanklin, Consul General of the United States of America.
(B) Sir Lionel Carden, British Minister
(C) The Japanese Minister
(D) The Spanish Consul
(E) The French Consul
(F) The Belgian Consul
(G) The German Consul
(H) The Italian Consul.

ANNEX 20

Contract of January 10, 1914, between the Mexican Government and John W. de Kay.

SECRETARIA DEL ESTADO Y DEL DESPACHO DE GUERRA Y MARINA MEXICO

CONTRATO celebrado por el Ministro de Guerra y Marina, General de Division Aurelio Blanquet, en representacion del

Ejecutivo Federal, y el senor don John W. de Kay por su propio derecho:

CLAUSULA PRIMERA

El Gobierno Mexicano conviene en comprar al senor don John W. de Kay, lo siguiente:

250,000 doscientos cincuenta mil fusiles Mauser de 7 m/m a OCHENTA Y CUATRO FRANCOS cado uno, sin marrazo ni vaina.

250,000,000 doscientos cincuenta millones de cartuchos para los fusiles anteriores, a ciento veinticuatro francos el millar.

100 cien canones de setenta milimetros de montana sistema Mondragon, a ciento veintinueve mil ochocientos francos cada bateria de seis canones con sus cofres etc.

500.000 quinientos mil cartuchos completos para los anteriores canones, a cincuenta y siete francos cincuenta centimos cada uno.

500 quinientas ametralladoras sistema Hotchkiss automaticas de siete milimetros, a trescientas veinticinco libras esterlinas siete chelines cada una.

CLAUSULA SEGUNDA

El Gobierno Mexicano ha hecho contratos para la compra de armas y municiones como sigue:

OESTERREICHISCHE, 18,000 fusiles Mauser	382, 104. 00
ALEJANDRO HOLSTE, 60,000,000 cartuchos mauser	3, 161, 930. 48
DEUTSCHE WAFFEN, 10,000,000 de cartuchos mauser	480, 000. 00
HERSTAL, 5,000,000 de cartuchos Mauser	232, 009. 29
GOBIERNO ESPANOL, 6,000,000 de cartuchos Mauser y 3,000 carabinas Mauser	340, 301. 97
OGURI YUTAKA, 10,000 fusiles Mauser carabinas	558, 276. 09
HOTCHKISS & Co. 20 ametralladoras automaticas	42, 349. 33
COMPANIA DE FRAGUAS, una bateria de seis canones de 70 m/m con tres mil cartuchos	195, 057. 42
OGURI YUTAKA, 10,000,000 de cartuchos Mauser bala de punta carabinas	250, 802. 57
PARENT Y LEROY 4,500 carabinas Mauser	90, 000. 00
COTTON POWDER, 25,000 granadas de mano	225, 755. 68
HOTCHKISS Y CIA. 46 ametralladores portatiles	71, 207. 69
COMPANIA DE FRAGUAS, 20,000 cartuchos de 75 m/m St. Chamond Mondragon	386, 178. 36
Total	$6, 415, 973. 28

Seis Millones Cuatrocientos Quince Mil Novecientos Setenta y Tres Pesos Treinta y Ocho Centavos.

Copias de los contratos antes mencionados seran entregados inmediatamente al senor Don John W. deKay para su conocimiento y como guia en el arreglo del pago y embarque de las armas y municiones antes mencionadas.

Clausula Tercera.

El Gobierno Mexicano por conducto de la Secretaria de Hacienda y Credito Publico, ha celebrado un contrato con el Senor Don John W. de Kay, en el que esta estipulado que dentro de un periodo de Cuarenta Dias contados desde la fecha en que el Gobierno cumpla con las obligaciones que le imponen dicho contrato el citado senor don John W. de Kay, esta obligado a poner a la disposicion del Gobierno Mexicano, las armas y municiones mencionadas en la clausula segunda que ascienden a $6.415.973.38. o en cambio el dinero en efectivo. La entrega a la orden del Gobierno Mexicano de los documentos de embarque que amparen las armas y municiones que deberan embarcarse en un puerto de Europa que designara el mismo Gobierno Mexicano, se considerara como el cumplimiento por el senor don John W. de Kay del pago por las citadas armas y municiones. Dicho senor don John W. de Kay, en su contrato con la Secretaria de Hacienda y Credito Publico, acepta en pago de las mencionadas armas y municiones o en su lugar el mencionado dinero, los bonos de la Deuda Interior del 6% del Gobierno Mexicano emitidos como queda estipulado en su contrato con la misma Secretaria, al 85% de su valor a la par. Queda entendido que los precios estipulados por las armas y municiones en la clausula primera de este contrato, son los precios en el lugar de la manufactura de tales armas y municiones, y que no se exijira al senor don John W. de Kay, el pago de ningunos fletes o gastos de transporte, pues estos desembolsos los debera hacer el Gobierno Mexicano.

Clausula Cuarta.

Dentro de un periodo de treinta dias despues del expresado en la clausula anterior, dicho senor John W. de Kay esta obligado a entregar a la orden del Gobierno Mexicano en

Europa, los documentos de embarque que amparen el envio de armas y municiones por un valor adicional de $6.334,026.62 Seis Millones Trescientos Treinta y Cuatro Mil Veintiseis Pesos Sesenta y Dos Centavos siendo parte de las armas y municiones que el Gobierno consiente en comprar de dicho senor don John W. de Kay, como queda especificado en la clausula primera de esta contrato. La misma especificacion en este sentido que se contiene en la clausula tercera, se aplicara a estos $6.334.026.62, a saber, que dicho senor John W. de Kay tiene el derecho dentro del tiempo mencionado en esta clausula cuarta, a entregar en lugar de las armas y municiones, el equivalente en efectivo, es decir, $6.334.026.52; y si armas y municiones son las entregadas, la entrega sera completa por el hecho de entregar a la orden del Gobierno Mexicano los documentos de embarque que amparen el envio de esas armas y municiones en un Puerto de Europa que designaria el Gobierno Mexicano. En cada caso donde se estipula en este contrato que el senor John W. de Kay "notificara al Gobierno Mexicano" o "entregara a la orden del mismo Gobierno" algo de lo estipulado, se entiende que tal "notificacion" o tal "entrega" hecha por el senor don John W. de Kay al agente Financiero del Gobierno Mexicano en Londres, se aceptara por el mismo Gobierno Mexicano como "notificacion" y "entrega" a dicho Gobierno.

Clausula Quinta.

Dentro de cuarenta dias despues de que dicho senor don John W. de Kay haya entregado al Gobierno Mexicano, ya sean las armas y municiones por valor de $12.750.000.00 Doce Millones Setecientos Cincuenta Mil Pesos, o en su lugar el dinero en efectivo, comó queda estipulado en las clausulas tercera y cuarta de este contrato, dicho senor don John W. de Kay notificara al Gobierno Mexicano si esta o no preparado para suministrar el todo del sobrante de armas y municiones especificado en la clausula primera de este contrato; si esta preparado para suministralo, entregara a la orden del Gobierno Mexicano los documentos de embarque que amparen tales armas y municiones, a fin de que se veri-

fique el embarque para el Gobierno Mexicano de un Puerto de Europa que el mismo Gobierno designara, 10% de tales armas y municiones mensual hasta que el total convenido y a que se refiere la clausula primera de este contrato, haya sido suministrado. Si por cualquiera razon es imposible manufacturar armas y municiones en las cantidades que aqui se mencionan dentro de los periodos especificados, los periodos de entrega se extenderan el tiempo suficiente para permitir la manufactura de dichas armas y municiones.

Clausula Sexta.

En pago de las armas y municiones que suministrara el senor don John W. de Kay al Gobierno Mexicano conforme a este contrato por una cantidad que exceda $_____ 12.750.000.00, dicho senor don John W. de Kay recibira en pago por tales armas y municiones, bonos del Emprestito Exterior del Seis por Ciento de 1913 al 90% de su valor a la par, y tales bonos serān colocados en todos respectos pari passu, con los bonos de la misma emision que fueron ofrecidos en 1913 por el Banque de Paris y des Pays Bas y otros Banqueros.

Clausula Septima

Dicho senor don John W. de Kay no sera responsable por demoras que ocurran al llevarse a cabo las obligaciones antes mencionadas si son causadas por el Gobierno Mexicano ya sea por falta de cumplimiento de su parte de este contrato, o por cualquiera demora causada por el mismo Gobierno Mexicano por cuestion de inspeccion y admision de las armas y municiones especificadas en la clausula primera de este contrato. Tambien queda entendido que respecto de las armas y municiones mencionadas en la clausula segunda de este mismo contrato, no habra demoras por parte de Gobierno Mexicano por cuestion de inspeccion y admision de dichas armas y municiones.

Clausula Octava

Este contrato sera firmado por ambas partes por duplicado, siendo un ejemplar para el Gobierno Mexicano y el otro para el senor John W. de Kay.

CLAUSULA NOVENA

En vista del hecho de que la totalidad del pago por las armas y municiones citadas se hara en bonos y no en efectivo, el Gobierno Mexicano conviene en condonar el pago de timbres para este contrato, asi como condonar el pago de los derechos consulares, respecto de los embarques de armas y municiones para el mismo Gobierno.

Mexico, Enero diez de mil novecientos catorce.

A. BLANQUET.
JOHN W. DE KAY

Numero 1644

El infrascrito Subsecretario de Relaciones Exteriores, CERTIFICA: que el Senor AURELIO BLANQUET es Secretario de Guerra y Marina y suya la firma que antecede.

Mexico diez de enero de mil novecientos catorce

POR ORDEN DEL SECRETARIO EL OFICIAL MAYOR
G. FERNANDEZ MACGREGOR
Vista en este Consulado de Espana.

Bueno para legalizar la firma de Dón Genaro Fernandez MacGregor Oficial Mayor de la Secretaria de Relaciones Exteriores

Mexico 10 de Enero de 1914

EL CONSUL DE ESPANA

MEXICO

Num de orden 9
Art de la tarifa 45
Dros-Ptas 5.00 Pesos 2.50
20% " 1.00 " 0.50
Fecha 10 Enero 1914.

I hereby certify that the signature on the preceding page is that of Senor G. Fernandez MacGregor, Chief Clerk of the Ministry for Foreign affairs. Given under my hand and seal, in the City of Mexico, this tenth day of January Nineteen hundred and fourteen.

LIONEL CARDEN
H. B. M. Minister.

British Legation
Mexico
10th January 1914.
Nr. 2 Reg. B.

Gesehen in kaiserlich Deutschen Konsulat zu Mexiko zur Beglaubigung vorstehender Unterschrift des Direktors im Ministerium des Aeusseren, Herrn C. Fernandez MacGregor. Mexiko. d. 10. Jan. 1914.

Der Kaiserliche General konsul.

BIELOFF.

Gebuhr nach Nr. 20 des Tarifs.
M. 10. gl $5.00
Z. 3176

Gesehen zur Beglaubigung der vorstehenden Fertigung des Herrn G. Fernandez MacGregor, Direktors im Ministerium des Aeusseren.

K. und K. Oesterr.-ungar. konsulat in Mexico am 10 Januar 1914.

Der K. und K. Konsul.

Kons.-Geb. gehoben
kr. 6.75 –5.38) 12.13
$5.15 cts.

El Infrascrito Ministro del Japon en Mexico No. 64 Certifica que la firma que existe al pie del documento No. 1644 es la del señor Lic. Don Genaro Fernandez McGregor oficial Mayor de la Secretaria de Relaciones Exteriores de Mexico.

Mexico, 10 de enero 1914.

M. ADATCI.

[Form No. 88.]

FORM FOR AUTHENTICATION OF SIGNATURE

CONSULATE-GENERAL OF THE UNITED STATES OF AMERICA AT MEXICO, MEXICO,
January 10, 1913.

I, ARNOLD SHANKLIN, CONSUL GENERAL of the United States of America at Mexico, Mexico, do hereby certify that the signature of C. Fernandez MacGregor at the foot of the paper hereto annexed, is his true and genuine signa-

ture, and that the said G. Fernandez MacGregor is personally known to me to be, Chief Clerk of the Department of Foreign Relations of Mexico.

In witness whereof, I have hereunto set my hand and affixed the seal of this Consulate-General at Mexico, Mexico, the day and year next above written, and of the independence of the United States the 138.

ARNOLD SHANKLIN.
Consul General of the United States of America at Mexico, Mexico.

N. S. No. 14 Tariff No. 38

Received $5.60 Mexican pesos, equal to $2.00 U. S. Currenty.

Vue et certifiee la signature apposee ci-contre de Mr. MacGregor, Oficial Mayor du Ministere des Relations Exterieures.

Le Ministre de la Republique Francaise

PAUL FAIVRE.

MEXICO, *10 Janvier 1914.*

Visto per la legallizzazione della firma del Signor Genaro Fernandez MacGregor, Ufficiale Maggiore del Ministero delle Relazioni Esteriori della Republica del Messico.

Messico, 10 Gennaio 1914.

Il. R. CONSOLE.

Percez No. 6
Art. Tar Cons. 71
Riscosse £10.–

[Annex 20—Translation.]

MINISTRY OF STATE AND THE OFFICE OF WAR AND MARINE
MEXICO, DEPARTMENT OF ARTILLERY

CONTRACT entered into by the MINISTER OF WAR and MARINE, GENERAL OF DIVISION AURELIO BLANQUET, in representation of the Federal Executive, and Mr. John W. de Kay in his own right.

CLAUSE 1. *The Mexican Government agrees to purchase from Mr. John W. de Kay the following:—*

1. 250,000 Mauser Rifles, 7 mms. at frcs. 84 each without bayonet or scabbard.

2. 250,000,000 cartridges for the above rifles at frcs. 124 per thousand.

3. 100 mountain cannon 70 mms. Mondragon type at frcs. 129,800 per battery of six guns with their own cases, etc.

4. 500,000 Granadas for above cannon at frcs. 57.50 each.

5. 500 Rapid-Firing Guns, Hotchkiss automatic, 7 mms. at three hundred twenty five pounds seven shillings sterling each.

CLAUSE II. *The Mexican Government has entered into contracts to purchase arms and ammunition as follows:—*

Oesterreichise, 18,000 Mauser rifles	382, 104. 00
Alejandro Holste, 60,000,000 Mauser cartridges	3, 161, 930. 48
Deutsche Waffen, 10,000,000 Mauser cartridges	480, 000. 00
Herstal " 5,000,000 Mauser cartridges	232, 009. 29
Gobierno Espanol, 6,000,000 Mauser cartridges and 3,000 Mauser Carbines	340, 301. 97
Oguri Yataka, 10,000 Mauser rifles	558, 276. 09
Hotchkiss & Co., 20 Machine guns	42, 349. 33
Compania Fraguas, A battery of 6 canons of 70 mms. with 3,000 cartridges	195, 057. 42
Oguri Yataka, 10,000,000 Mauser cartridges	250, 802. 57
Parent & Leroy, 4,500 Mauser carbines	90, 000. 00
Cotton powder, 25,000 hand grenades	225, 755. 68
Hotchkiss & Co., 46 Portable Machine guns	71, 207. 69
Compania de Fraguas, 20,000 cartridges of 75 mm. S. Chamond Mondragon	386, 178. 36
	6, 415, 973. 38

SIX MILLION, FOUR HUNDRED FIFTEEN THOUSAND, NINE HUNDRED SEVENTY THREE PESOS—THIRTY EIGHT CENTAVOS.

COPIES of the contracts above mentioned will be immediately delivered to Mr. John W. de Kay for his information and guidance in arranging for the payment and shipment of the above mentioned arms and ammunition.

CLAUSE III. The Mexican Government through the offices of Hacienda and Public Credit has entered into a contract with Mr. John W. de Kay in which contract it is provided that within a period of forty days counted from the date on which the Mexican Government complies with its obligations imposed upon it under said Contract said Mr. John W. de Kay is obliged to place at the disposal of the

Mexican Government the arms and ammunition mentioned in Clause II amounting to 6,415,973.38 pesos or in lieu thereof the cash. The delivery to the order of the Mexican Government of the shipping documents covering the above mentioned arms and munitions to be embarked from a port in Europe to be designated by the Mexican Government will be considered as the compliance by Mr. John W. de Kay with the payment for such arms and munitions. Said Mr. John W. de Kay, in his contract with the Department of Hacienda and Public Credit is accepting in payment for the above mentioned arms and munitions or in lieu thereof the money, the 6 per cent Internal Bonds of the Mexican Government issued as is provided in his contract with Department of Hacienda at 85% of their par value. It is understood that prices stipulated for the arms and munitions in Clause I of this Contract are the prices at the point of manufacture of such arms and munitions, and that said Mr. John W. de Kay shall not be called upon to pay any freight or charges of transportation, such disbursements to be made by the Mexican Government.

Clause IV. Within a period of thirty days after that expressed in the above clause said Mr. John W. de Kay is obliged to deliver to the order of the Mexican Government in Europe the shipping documents representing arms and munitions to the further value of 6,334,026.62 pesos, Six million, three hundred thirty four thousand, twenty six pesos, sixty-two centavos, being a part of the arms and munitions which the Government is willing to purchase from said Mr. John W. de Kay as specified in Clause I of this Contract. The same stipulation in this regard as that contained in Clause III above shall apply to this 6,334,026.62, namely, that said Mr. John W. de Kay has the right within the time mentioned to deliver instead of the arms and munitions the equivalent in cash, namely, 6,334,026.62 and if the arms and munitions are delivered, such delivery will be completed by the delivery to the Order of the Mexican Government of the shipping documents calling for the embarkation of such arms and munitions from a port in Europe to be designated by the Mexican Government. In every

instance where it is provided in this contract that Mr. John W. de Kay shall notify the Mexican Government "or shall deliver to the order of the Mexican Government" it is understood that such "notification" or such "delivery" made by the said Mr. John W. de Kay to the Financial Agent of the Mexican Government in London shall be accepted by the Mexican Government as "notification" and "delivery" to the said Government.

CLAUSE V. Within forty days after said Mr. John W. de Kay shall have delivered to the Mexican Government either the arms and munitions to the value of 12,750,000, Twelve million, seven hundred fifty thousand pesos or in lieu thereof the cash as is stipulated in clauses third and fourth of this Contract the said John W. de Kay shall notify the Mexican Government whether or not he is prepared to furnish the whole of the remainder of the arms and munitions specified in Clause I of this Contract, and if he is prepared to do so he will cause to be delivered to the Order of the Mexican Government the shipping documents calling for such arms and munitions to the Mexican Government for embarkation from a port in Europe to be designated by the Mexican Government, 10 per cent of such arms and munitions monthly for each month until the whole of the amount contracted for in Clause 1 of this contract shall have been supplied. If for any reason it is impossible to manufacture arms and munitions in the quantities herein contemplated within the times herein specified such periods of delivery shall be extended for a sufficient time to permit said arms and munitions to be manufactured.

CLAUSE VI. In payment for the arms and munitions which may be supplied by Mr. John W. de Kay to the Mexican Government under this Contract in an amount exceeding the value of 12,750,000 pesos said John W. de Kay is to be paid for such arms and munitions with Bonds of the 6 per cent External Loan of 1913 at 90 per cent of their par value, such Bonds to rank in all respects, pari passu with the Bonds of the same issue which were offered in 1913 by the Banque de Paris et des Pays-Bas and other bankers.

Clause VII. Said Mr. John W. de Kay shall not be responsible for any delays which may occur in carrying out the above mentioned obligations if such delays are caused by the Mexican Government either through its failure to comply with its part of the Contract or through any delay which may be caused by the Mexican Government in the matter of inspecting and passing upon the arms and munitions specified in Clause I of this Contract. It is also understood that in respect to the arms and munitions mentioned in Clause second of this Contract, that there shall be no delay on the part of the Mexican Government in inspecting and passing upon such arms and munitions.

Clause VIII. This Contract shall be signed by both parties in duplicate one copy being for the Mexican Government and the other for Mr. John W. de Kay.

Clause IX. In view of the fact that the whole of the payment for the above mentioned arms and munitions will be made with Bonds and not with cash the Mexican Government agrees to waive the payment of any stamps for this Contract and also waives the payment of the Mexican Consular Fees in respect to the shipments of arms and munitions for the Mexican Government.

Mexico, January 10th, 1914.

A. Blanquet
John W. de Kay.

Following the above signatures is the stamp and seal of the Ministry of Foreign Affairs of Mexico dated the 10th January 1914; and on the right hand side is an impress stamp as above No. 1644 and the following:

The undersigned sub-secretary of Foreign Affairs, certifies that Sir Aurelio Blanquet is Secretary of War and Marine and that it is his signature that is above.

Mexico 10th January 1914

By order of the Secretary

G. Fernandez Maggregor
Chief Clerk.

The above signature of the Chief Clerk of the Ministry of Foreign Affairs of Mexico is legalized by the following in Mexico City:

(A) Arnold Shanklin U. S. Consul General.
(B) Sir Lionel Carden British Minister
(C) The French Minister
(D) The Japanese Minister
(E) The Italian Consul.
(F) The Spanish Consul.
(G) The Austria-Hungarian Consul.
(H) The German Consul.

ANNEX 21

Contract of March 2, 1914 between the Mexican Government and John W. de Kay

AGENCIA FINANCIERA DEL GOBIERNO MEXICANO EN LONDRES
DIRECCION TELEGRAFIA MEXAGENTE LONDON

Contract entered into between the Mexican Government represented by Senor don Pedro M. del Paso, Financial agent of the Mexican Government in London, of the one part and Mr. John W. de Kay of the other part according to the following clauses:—

First: The Mexican Government, represented by the aforesaid Financial agent, and with the authorisation conferred upon said Agent by the decree of the Executive of the Union of the 24th February 1914, issued in virtue of the faculties conferred upon the said Executive by the law of the Congress of the Union of 17th December 1913, agrees with said Mr. John W. de Kay in modifying the contract made between the same contracting parties in Mexico on the 8th January 1914, in the following terms:—

A. Clause Fourth of the contract of the 8th January 1914 is hereby altered to read as follows:—

"The Mexican Government buys from Mr. John W. de Kay for the sum of 10.000.000 pesos 51% of the Voting Trust certificates which he owns and which represent the same

proportion in value of the Common shares of the Mexican National Packing Company Limited and constitutes, as aforesaid, the control of the said Company.

"The payment of said 10.000.000 pesos will be made in Treasury Bonds of the External Debt 6% of 1913 at par of their nominal value and said Bonds will be considered in all respects pari passu with the Bonds of the same Loan issued according to the contract of the 8th June 1913 made with the Banque de Paris et des Pays-Bas and other banks. It is understood that said bonds will be subject to the terms of the said contract of 8th June 1913 made between the Mexican Government and the said Banks in the sense that they cannot be sold by said Mr. John W. de Kay before 1st July 1915.

The Government will have the right but not the obligation to pay in cash to Mr. John W. de Kay the 85% of nominal value of the 10.000.000 pesos of Bonds received by him at any time before the 1st of July 1915, taking in exchange the aforesaid Bonds."

B. Clause sixth is suppressed.—

C. Clause seventh of the said contract of 8th January 1914 is hereby altered to read as follows:

"Not later than the 15th March 1914 the Government will have ready with the necessary formalities, Provisional Certificates or Bonds to bearer which will represent the amount of £3,025,000 sterling in Bonds of the External Debt of 1913 above mentioned. Of such certificates the financial agent of the Mexican Government will deliver to Mr. John W. de Kay 10.000.000 pesos in exchange for the Voting Trust Certificates which represent 51% of the ordinary shares of the Mexican National Packing Company Ltd., and the remainder of said £3,025,000 sterling will be deposited with the bankers designated by Mr. John W. de Kay after the signature of the contracts between Mr. John W. de Kay and the different firms contracting war materials in the necessary amounts to comply with this contract taking the bonds for that effect upon the basis hereinafter stipulated.

Upon the delivery to the Mexican Government by the said Mr. John W. de Kay of 51% of the Voting Trust cer-

tificates of the Mexican National Packing Company Ltd., which shall be made simultaneously upon signing the contracts to be entered into between said Mr. John W. de Kay and the bank or Bankers and the contractors of war material up to the amount of 35,000,000 francs, the Government expressly agrees that the whole of the obligations imposed upon said Mr. John W. de Kay under the contract of the 8th January 1914 hereinabove referred to, made between the Government and himself, have been fully complied with and that in so far as said contract of the 8th January 1914 above mentioned has not been altered by the present contract, the said contract of the 8th January 1914 above mentioned remains in full force and effect and that the obligations imposed upon the Mexican Government by Articles fifth and fourteenth of the said contract of the 8th January 1914 remain in full force and vigour.

Mr. John W. de Kay retains all of the rights conferred upon him by Articles 1 & 5 of the contract entered into in Mexico on the 10th January 1914 between the Minister of War & Marine, General of Division, Aurelio Blanquet, in representation of the Federal Executive of the one part and Mr. John W. de Kay in his own right.

Article 6 of the said contract is hereby amended so that the price at which the said Mr. John W. de Kay is to receive the 6% Gold Bonds of the Loan of 1913 therein mentioned is reduced to 85% of their par value instead of 90% as expressed in such article 6 of said contract above referred to.

Articles 3 & 4 of the contract of the 10th January 1914 above mentioned are hereby suppressed.

D. Clause ninth is hereby altered to read as follows:—

"The Mexican Government will dispose freely of the taxes collected in the Rastro of the City of Mexico."

E. Clauses tenth and eleventh are hereby suppressed.

F. Clause twelfth is to be suppressed except the last two paragraphs of said clause, which remain in full force and vigour.

Second: Said Mr. John W. de Kay is hereby expressly given the authority and the right to enter into contracts with Bankers. armament manufacturers and others in order

to provide for the payment in due course of a total of 35,000,000 francs for war material, either heretofore contracted for or which will hereafter be contracted for between said Mr. John W. de Kay and other firms or corporations, in such terms that the war material which is now ready and in the possession of all of the firms contracting with the said Mr. John W. de Kay, shall be shipped immediately from a European port to be designated by the Government and that the future shipments of said war material shall be made upon the dates specified in the contracts between the said Mr. John W. de Kay and the contracting firms, up to a total of 35,000,000 francs. Such sum of 35,000,000 francs is to be applied as follows:

A. To the payment of the amounts due to the firms signing the contracts with said Mr. John W. de Kay on account of the contracts which said firms have heretofore made with the Mexican Government on the understanding that if it is necessary to pay interest upon past due payments from their due dates until the signing of said contracts the rate of interest will not exceed 6% per annum.

B. To the due payments upon the dates to be specified in the contracts to be made between the said Mr. John W. de Kay and the firms with which he contracts for the new war material to be supplied under contracts with the said firms in an amount so that the payment of the old accounts of the contracting firms and the war material to be supplied under the contracts mentioned in this paragraph, will together aggregate 35,000,000 francs.

Third: In order to effect the due payments above contemplated the Mexican Government will forthwith deposit with Bankers to be designated by said Mr. John W. de Kay £2,000,000 Provisional Bonds of the External Government loan of 1913; said bonds so to be deposited, to be considered in all respects as ranking pari passu with the Bonds of the same issue sold in 1913 to the Banque de Paris et des Pays-Bas and its group. These Bonds so to be deposited are to be released by the said Bankers in the amounts and at the times necessary to effect the due payments necessary according to the contracts mentioned in paragraphs "A" & "B"

above, and in the same proportion as to amount which 35,000,000 francs bears to the £2,000,000 of said bonds.

Payments upon this basis to be made by the said Bankers to the said contractors either in cash or in Bonds as may be agreed between said Bankers said contractors and said Mr. John W. de Kay.

Fourth: If on or before the 1st July 1915 the Mexican Government has not repaid in cash the amounts which have been paid on account of sums now due and also under the contracts to be made between Mr. John W. de Kay and the various contractors above mentioned with interest at 6% per annum upon said Bonds, the holders of the Bonds will have the right to retain such Bonds as their own property. The Government has the right but not the obligation to repay such sums herein above specified in cash at any time before the 1st July 1915.

Fifth: The said Mr. John W. de Kay will have the right to agree with the bankers with whom he contracts that the Mexican Government undertakes to give to such contracting bankers a participation in the final issue of the balance of the loans of 1913 subject always to the previous consent of the Banque de Paris et des Pays-Bas and in the future loans to be made by the Government. Such participation to be upon such basis as to terms and amounts as may be arranged between the Government and such Banks always on the understanding that having regard to the contract now existing between the Government and the Banque de Paris et des Pays-Bas and its group, the Government is not at liberty to arrange or to offer any arrangements in respect to the loan of 1913 above mentioned until after the 1st July 1915.

Sixth: Neither the Bankers with whom the bonds of the 1913 External loan are deposited nor the contractors who may receive said bonds will have any right to sell all or any part of such bonds prior to 1st July 1915.

Seventh: As a consequence of this contract and in order to give effect to his part of this agreement with the Mexican Government Mr. John W. de Kay is hereby authorized to

enter into any and all of the contracts which he may consider necessary in order to carry out the conditions which are herein agreed to between the Government and himself. The right is hereby expressly conferred upon the said Mr. John W. de Kay to enter into and sign the said contracts with bankers, armament manufacturers and any other persons, corporations, or agents as he may consider necessary, such contracts to be signed by the said Mr. John W. de Kay as the representative of the Mexican Government and on its behalf but without personal liability for the said Mr. John W. de Kay.

Eighth: In every instance where it is provided either in this contract or in the contracts of the 8th and 10th January 1914 herein referred to that Mr. John W. de Kay "shall notify the Mexican Government" or "shall deliver to the order of the Mexican Government," it is understood that such "notification" of such "delivery" made by the said Mr. John W. de Kay to the Financial Agent of the Mexican Government in London shall be accepted by the Mexican Government as "notification" and "delivery" to the said Government.

Ninth: Any stamps or other expenses which it may be necessary to incur either in respect to the contracts or to the provisional or the definitive Bonds referred to in this contract shall be for the account of the ones receiving said Bonds and the Mexican Government will not be obliged to defray any part of such expense. The cost of engraving and delivery of the definitive Bonds is to be paid by the Mexican Government.

Made in the City of London on the 2nd March 1914 in duplicate.

JOHN W. DE KAY.

P. M. del Paso, Financial Agent of the Mexican Government in London.

ANNEX 22

Contract of March 6, 1914, between the Banque Cantonale of Berne, "St. Chamond," and John W. de Kay.

THIS AGREEMENT made 6th March 1914 between Mr. John W. de Kay as the specially authorised representative of the Mexican Government and in its behalf of the first part and the BANQUE CANTONALE DE Berne in Berne (Switzerland) Banker of the second part and: la compagnie des Forges et Acieries de la Marine et d'Homecourt (St. Chamond) contractors of the third part WITNESSES:

FIRST: The party of the first part hereto is acting under the express authority of the Mexican Government and as its duly authorised and empowered representative, by virtue of the decree of the Executive of the Union dated 24th February 1914 issued in virtue of the faculties conferred upon the said Executive by the law of the Congress of the Union of the 17th December 1913, such powers having been conferred upon Mr. John W. de Kay by the Mexican Government in the following language:—

FIRST: "Mr. John W. de Kay is hereby expressly given the authority and the right to enter into contracts with Bankers, armament manufacturers and others in order to provide for the payment in due course of a total of 35,000,000 francs for war material, either heretofore contracted for or which will hereafter be contracted for between said Mr. John W. de Kay and other firms or corporations, in such terms that the war material which is now ready and in the possession of all of the firms contracting with the said Mr. John W. de Kay, shall be shipped immediately from a European port to be designated by the Government and that the future shipments of said War material shall be made upon the dates specified in the contracts between the said Mr. John W. de Kay and the contracting firms, up to a total of 35,000,000 francs. Such sum of 35,000,000 francs is to be applied as follows:—

"A. To the payment of the amounts due to the firms signing the contracts with said Mr. John W. de Kay on account of the contracts which said firms have heretofore

made with the Mexican Government on the understanding that if it is necessary to pay interest upon past due payments from their due dates until the signing of said contracts the rate of interest will not exceed 6% per annum.

"B. To the due payment upon the dates to be specified in the contracts to be made between the said Mr. John W. de Kay and the firms with which he contracts, for the new war material to be supplied under contracts with the said firms in an amount so that the payment of the old accounts of the contracting firms and the war material to be supplied, under the contracts mentioned in this paragraph will together aggregate 35,000,000 francs.

"SECOND. In order to effect the due payments above contemplated The Mexican Government will forthwith deposit with Bankers to be designated by said Mr. John W. de Kay £2,000,000 Provisional Bonds of the External Government Loan of 1913; said bonds so to be deposited, to be considered to all respects as ranking pari passu with the Bonds of the same issue sold in 1913 to the Banque de Paris et des Pays-Bas and its group. These Bonds so to be deposited are to be released by the said bankers in the amounts and at the times necessary to effect the due payments necessary according to the contracts mentioned in paragraphs 'A' and 'B' above, and in the same proportion as to amount which 35,000,000 francs bears to the £2,000,000 of said Bonds.

"Payments upon this basis to be made by the said bankers to the said contractors either in cash or in Bonds as may be agreed between said Bankers, said contractors and said Mr. John W. de Kay.

"THIRD: If on or before the 1st July 1915 the Mexican Government has not repaid in cash the amounts which have been paid on account of sums now due and also under the contracts to be made between Mr. John W. de Kay and the various contractors above mentioned with interest at 6% per annum upon said Bonds, the holders of the Bonds will have the right to retain such Bonds as their own property. The Government has the right but not the obligation to

repay such sums hereinabove specified in cash at any time before the 1st July 1915.

"FOURTH. The said Mr. John W. de Kay will have the right to agree with the bankers with whom he contracts that the Mexican Government undertakes to give to such contracting bankers a participation in the final issue of the balance of the loan of 1913 subject always to the previous consent of the Banque de Paris et des Pays-Bas and in the future loans to be made by the Government. Such participation to be upon such basis as to terms and amounts as may be arranged between the government and such Banks always on the understanding that having regard to the contract now existing between the Government and the Banque de Paris et des Pays-Bas and its group, the Government is not at liberty to arrange to offer any arrangements in respect to the loan of 1913 above mentioned until after the 1st July 1915.

"FIFTH. Neither the Bankers with whom the Bonds of the 1913 External Loan are deposited, nor the contractors who may receive said Bonds will have any right to sell all or any part of such Bond prior to 1st July 1915.

"SIXTH. As consequence of this contract and in order to give effect to his part of this agreement with the Mexican Government Mr. John W. de Kay is hereby authorized to enter into any and all of the contracts which he may consider necessary in order to carry out the conditions which are herein agreed to between the Government and himself. The right is hereby expressly conferred upon the said Mr. John W. de Kay to enter into and sign the said contracts with bankers, armament manufacturers and any other persons, corporations or agents as he may consider necessary, such contracts to be signed by the said Mr. John W. de Kay as the representative of the Mexican Government and on its behalf but without personal liability for the said Mr. John W. de Kay."

SEVENTH. The objects of this contract are:

A. To provide for the payment of the sums already due and payable by the Mexican Government on account of contracts heretofore made between the said Government and the parties of the third part hereto.

B. To effect the immediate shipment from a European port to be designated by the Government, of all of the war material which is now ready for shipment in the hands of the parties of the third part hereto—and

C. To provide for and guarantee that the remainder of the war material agreed to be supplied by the parties of the third part shall be duly supplied in the amounts and of the quality specified in the new contract made on the 6th March 1914 between the party of the first part and the parties of the third part hereto and that the said materials so to be supplied shall be ready for shipment on the dates specified in the said contract.

EIGHTH: Except for the change in the time of delivery and the manner of payment as stipulated in the contracts heretofore made between the Mexican Government and the parties of the third part hereto the whole of the said contracts remain in full force and effect.

NINTH: The party of the first part agrees with the party of the second part and with the parties of the third part hereto that upon the signing of this contract it will deposit with the party of the second part hereto Provisional Scrip to bearer for £2,000,000 sterling of the Bonds of the External Gold Loan of 1913 which Bonds shall in all respects rank pari passu with the Bonds of the same issue referred to in the contract of the 8th June 1913 with the Banque de Paris et des Pays-Bas and its group. Such Provisional scrip to bearer shall be exchanged for definitive Bonds not later than 30th June 1914.

TENTH: All of the parties hereto agree that the Bonds so deposited with the party of the second part hereto shall be dealt with in the following manner:—

ELEVENTH: There is attached to this contract a statement signed by the parties of the third part hereto which statement specifies the amount now due and payable to the parties of the third part hereto.

TWELFTH: The total sums now payable to the parties of the third part hereto as per attached statement and the complete payment for all of the War material to be supplied

by the parties of the third part hereto and by other contractors of armament to the party of the first part hereto aggregate a total of 35,000,000 francs.

THIRTEENTH: The party of the second part hereto is hereby authorised to forthwith deliver to the parties of the third part hereto the full amount in cash which is payable to the parties of the third part hereto as per the statement hereto attached and marked as "A."

FOURTEENTH: For all such sums which are paid in cash by the party of the second part the said party of the second part will have the right to receive for its own account Bonds of the External 6% Gold Loan of 1913 hereinabove mentioned at the rate which 35,000,000 francs bears to 2,000,000 sterling.

FIFTEENTH: If the party of the second part delivers to the party of the third part the said Bonds instead of cash it shall deliver said Bonds at the same rate, namely, at the rate which 35,000,000 francs bears to the said £2,000,000.

SIXTEENTH: The same conditions and the same terms apply to the future payments by the party of the second part to the parties of the third part in respect to all of the payments to be made on account of the contracts herein mentioned, and the whole of such payments now due and hereafter to become due aggregate 35,000,000 francs.

SEVENTEENTH: It is expressly agreed between the party of the first part and the parties of the third part hereto that time is an essential element and the essence of this contract and that the future payments to be made in respect to the contracts herein referred to in clause eight hereof are to be made upon the conditions that the parties of the third part duly and punctually comply with obligations incurred by them under said contracts on the understanding that owing to the delays which have occurred in making payments which should have been made by the Government, it is agreed that the dates for delivery of the whole of the war material specified in the contracts mentioned in paragraph eighth hereof shall be extended for seven months beyond the times herein specified, but at all events the parties of the third

part hereto agrees to make shipments of cannons and granadas each month for the ensuing twelve months and such monthly shipments are for the period to average eight cannon and five thouand granadas monthly.

EIGHTEENTH. Upon the due date of each of the future payments to be made under the contract between the party of the first part and the parties of the third part hereto such payments will be made by the party of the second part hereto to the parties of the third part hereto upon the written authority of the party of the first part hereto conveyed to the party of the second part hereto either by the said Mr. John W. de Kay or by his duly authorised representative, and this written authority shall not for any reason be withheld by the said Mr. John W. de Kay unless the parties of the third part herein fail to comply with the obligations which they have contracted.

NINETEENTH: The party of the first part hereto has the right but not the obligation to pay to the party of the second part hereto in cash at any time on or before 1st July 1915 the whole of the sums which the party of the second part has up to that time paid to the parties of the third part hereto, together with interest at 6% per annum from the date of the making of such payments the party of the second part up to the date when the party of the first part may exercise the rights conferred upon it by this clause in respect to any interest not covered by the coupons and against such payment in cash the party of the first part is to receive back the Bonds of the External Gold Loan of 1913 in the proportion which 35,000,000 francs in cash bears to £2,000,000 sterling of such Bonds.

TWENTIETH: The party of the first part hereto will have the same right but not the obligation as regards any of the Bonds which the party of the second part hereto may have paid to the parties of the third part hereto and the rate at which the government shall receive back the said Bonds, if in the hands of the parties of the third part hereto, will be the same as above specified in respect to the parties of the second part hereto.

TWENTY FIRST: Neither the parties of the second part hereto nor the parties of the third part hereto will have any right to sell or offer for sale any or all of the said Bonds which may be in their possession until after 1st July 1915.

TWENTY SECOND: On the 1st July, 1915, if the party of the first part hereto shall not have exercised the rights reserved to it by clauses Nineteenth and Twentieth of this contract, the Bonds then in the hands either of the party of the second part or of the parties of the third part shall without further agreement or notice become their absolute property.

TWENTY THIRD: In the event that the party of the first part should decide to exercise its right to receive back at one time the whole of the £2,000,000 sterling of Bonds it must deposit with the party of the second part against the delivery to the party of the first part of the whole of such Bonds the sum of 35,000,000 francs in cash which sum the party of the second part hereto will be authorised to hold and to dispose of under the same terms as it is authorised to hold and dispose of the said Bonds.

TWENTY FOURTH: The Bonds delivered to the contractors will have an interest of 6% from the date on which the payments to the contractors are due. This interest will be payable in gold by the Mexican Government on the 1st July and 1st January each year.

TWENTY FIFTH: The Party of the third part hereto is to receive a commission of 2½% respect to the 22,000,000 francs said commission to be paid by the party of the first part hereto in Bonds of the 6% External Loan of 1913 at the same rate which 35,000,000 francs bears to £2,000,000 sterling of said Bonds, said commission of 2½% to be at the disposal of Bankers to be agreed upon between Mr. John W. de Kay and the parties hereto of the third part.

TWENTY SIXTH: Any stamps or expenses which by the French law may be required to be paid upon this or any of the contracts arising out of this agreement, or upon any of the Bonds, shall be paid by the parties of the third part. The cost of engraving and delivery of the definitive bonds is to be paid by the Mexican Government.

TWENTY SEVENTH: The parties of the first part hereto and the parties of the third part hereto, acting in accord, shall have the right at any time during the life of this contract, to change the party of the second part and to designate in its stead any reputable Bankers.

TWENTY EIGHTH: This contract does not require any registration before a Notary in Mexico as it is only a modification of existing contracts.

Made in quadruplicate, in Paris.

JOHN W. DE KAY.
M. LAURENT
For and on behalf of the Banque Cantonale De Berne.
METZGER.

ANNEX 23

Contract of March 6, 1914, between the Banque Cantonale, Cartoucherie Francaise, and John W. de Kay.

THIS AGREEMENT MADE 6th March 1914 between:

Mr. John W. de Kay as the specially authorized representative of the Mexican Government and in its behalf of the first part and

The Banque Cantonale de Berne in Berne (Switzerland) Bankers of the second part.

and Mr. Georges Leroy as Administrateur-delegated of the CARTOUCHERIE FRANCAISE, SOCIETE Anonyme, and acting in the name of and on behalf of said Company, with which the firm PARENT and LEROY is combined from the 1st January 1914, party of the third part WITNESSES.—

First: The party of the first part hereto is acting under the express authority of the Mexican Government and as its duly authorized and empowered representative, by virtue of the Decree of the Executive of the Union dated 24th February 1914 issued in virtue of the faculties conferred upon the said Executive by the law of the Congress of the Union of the 17th December 1913, such powers having been conferred upon Mr. John W. de Kay by the Mexican Government in the following language.

First: "Mr. John W. de Kay is hereby expressly given the authority and the right to enter into contracts with bankers, armament manufacturers and others in order to provide for the payment in due course of a total of 35,000,000 francs for war material, either heretofore contracted for or which will hereafter be contracted for between said Mr. John W. de Kay and other firms or corporations, in such terms, that the war material which is now ready and in the possession of all the firms contracting with the said Mr. John W. de Kay, shall be shipped immediately from a European port to be designated by the Government and that the future shipments of said war material shall be made upon the dates specified in the contracts between the said Mr. John W. de Kay and the contracting firms up to a total of 35,000,000 francs. Such sum of 35,000,000 francs is to be applied as follows:

A. "To the payment of the amounts due to the firms signing the contracts with said Mr. John W. de Kay on account of the contracts which said firms have heretofore made with the Mexican Government on the understanding that if it is necessary to pay interest upon past due payments from their due dates until the signing of said contracts the rate of interest will not exceed 6% per annum.

B. "To the due payment upon the dates to be specified in the contracts to be made between the said Mr. John W. de Kay and the firms with which he contracts, for the new war material to be supplied under contracts with the said firms in an amount so that payment of the old accounts of the contracting firms and the war material to be supplied under the contracts mentioned in this paragraph will together aggregate 35.000.000 francs.

Second: "In order to effect the due payments above contemplated the Mexican Government will forthwith deposit with Bankers to be designated by said Mr. John W. de Kay £2.000.000 Provisional Bonds of the External Government Loan of 1913; said Bonds so to be deposited to be considered in all respects as ranking pari passu with the Bonds of the same issue sold in 1913 to the Banque de Paris et des Pays-Bas and its group. These Bonds so to be deposited

are to be released by the said Bankers in the amounts and at the times necessary to effect the due payments necessary according to the contracts mentioned in paragraphs "A" and "B" above, and in the same proportion as to amount which 35.000.000 Francs bears to the £2.000.000 of said Bonds.

"Payments upon this basis to be made by the said Bankers to the said contractors either in cash or in Bonds as may be agreed between said Bankers said Contractors and said Mr. John W. de Kay.

Third: "If on or before the 1st July 1915 the Mexican Government has not repaid in cash the amounts which have been paid on account of the sums now due and also under the contracts to be made between Mr. John W. de Kay and the various contractors above mentioned with Interest at 6% per annum upon said Bonds, the holders of the Bonds will have the right to retain such Bonds as their own property. The Government has the right but not the obligation to repay such sums hereinabove specified in cash at any time before the 1st July 1915.

Fourth: "The said Mr. John W. de Kay will have the right to agree with the Bankers with whom he contracts that the Mexican Government undertakes to give to such contracting Bankers a participation in the final issue of the balance of the loan of 1913 subject always to the previous consent of the Banque de Paris et des Pays-Bas and in the future loans to be made by the Government. Such participation to be upon such basis as to terms and amounts as may be arranged between the Government and such Banks always on the understanding that having regard to the contract now existing between the Government and the Banque de Paris et des Pays-Bas and its group, the Government is not at liberty to arrange or to offer any arrangements in respect to the loan of 1913 above mentioned until after the 1st of July 1915.

Fifth: "Neither the Bankers with whom the Bonds of the 1913 External Loan are deposited, nor the contractors who may receive said Bonds will have any right to sell all or any part of such Bonds prior to 1st of July 1915."

Sixth: "As a consequence of this contract and in order to give effect to his part of this agreement with the Mexican Government Mr. John W. de Kay is hereby authorized to enter into any and all of the contracts which he may consider necessary in order to carry out the conditions which are herein agreed to between the Government and himself. The right is hereby expressly conferred upon the said Mr. John W. de Kay to enter into and sign the said contracts with bankers, armament manufacturers and any other persons, corporations or agents as he may consider necessary, such contracts to be signed by the said Mr. John W. de Kay as the representative of the Mexican Government and on its behalf but without personal liability for the said Mr. John W. de Kay."

Seventh: The object of this contract is to provide for the payment of the sums now due and payable by the Mexican Government to the party of the third part hereto.

There is due to the party of the third part hereto 12.360 francs being the balance on account of material heretofore supplied to the Mexican Government. To effect the payment of this sum the Government will forthwith deliver to the party of the third part hereto Bonds of the External Government loan of 1913 hereinafter more particularly referred to, of 17.657 francs 14 cs.

Eighth: The party of the first part agrees with the party of the second part and with the party of the third part hereto that upon the signing of this contract it will deposit with the party of the second part hereto Provisional Scrip to Bearer for £2,000,000 sterling of the Bonds of the External Gold Loan of 1913, which Bonds shall in all respects rank "pari passu" with the Bonds of the same issue referred to in the contract of the 8th June 1913 with Banque de Paris et des Pays-Bas and its group. Such Provisional Scrip to Bearer shall be exchanged for definitive Bonds not later than 30th June 1914.

Ninth: All the parties hereto agree that the Bonds so deposited with the party of the second part hereto shall be dealt with in the following manner.

Tenth: For all such sums which are paid in cash by the party of the second part, the said party of the second part will have the right to receive for its own account Bonds of the External 6% Gold Loan of 1913 hereinabove mentioned at the rate which 35.000.000 Francs bears to £2.000.000 sterling.

Eleventh: If the party of the second part delivers to the party of the third part the said Bonds instead of cash, it shall deliver said Bonds at the same rate, namely at the rate which 35.000.000 Francs bears to the said £2.000.000.

Twelfth: The same conditions and the same terms apply to the future payments by the party of the second part to the party of the third part in respect to all of the payments to be made on account of the contracts herein mentioned and the whole of such payments now due and hereafter to become due aggregate 35.000.000 Francs.

Thirteenth: Upon the due date of each of the future payments to be made under the contract between the party of the 1st part and the party of the 3rd part hereto such payment will be made by the party of the second part hereto to the party of the third part hereto upon the written authority of the party of the first part hereto conveyed to the party of the second part hereto either by the said Mr. John W. de Kay or by his duly authorised representative, and this written authority shall not for any reason be withheld by the said Mr. John W. de Kay unless the party of the third part herein fails to comply with the obligations which it has contracted.

Fourteenth: The party of the first part hereto has the right but not the obligation to pay to the party of the second part hereto in cash at any time on or before 1st July 1915, the whole of the sums which the party of the second part has up to that time paid to the party of the third part hereto together with interest at 6% per annum from the date of the making of such payments by the party of the second part up to the date when the party of the first part may exercise the rights conferred upon it by this clause, in respect to any interest not covered by the coupons and against such payment in cash the Party of the first part is to receive back

the bonds of the Eternal Gold Loan of 1913 in the proportion which 35.000.000 francs in cash bear to £2.000.000 sterling of such Bonds.

Fifteenth: The party of the first part hereto will have the same right but not the obligation as regards any of the Bonds which the party of the second part hereto may have paid to the party of the third part hereto and the rate at which the Government shall receive back the said Bonds, if in the hands of the party of the third part hereto, will be the same as above specified in respect to the party of the second part hereto.

Sixteenth: Neither the party of the second part hereto nor the party of the third part hereto will have any right to sell or offer for sale any or all of the said Bonds which may be in their possession until after 1st July 1915.

Seventeenth: On the 1st July 1915, if the party of the first part hereto shall not have exercised the rights reserved to it by clauses fourteenth and fifteenth of this contract the Bonds then in the hands either of the party of the second part or of the party of the third part shall without further agreement or notice become their absolute property.

Eighteenth: In the event that the party of the first part shall decide to exercise its right to receive back at one time the whole of the £2.000.000 sterling of Bonds it must deposit with the party of the second part against the delivery to the party of the first part of the whole of such Bonds the sum of 35.000.000 Francs in cash, which sum the party of the second part hereto will be authorised to hold and to dispose of under the same terms as it is authorised to hold and dispose of the said Bonds.

Nineteenth: The Bonds delivered to the Contractors will have an interest of 6% from the date on which the payments to the contractors are due. This interest will be payable in gold by the Mexican Government on the 1st of July and 1st January of each year.

Twentieth: The party of the third part hereto agrees to sell to the Mexican Government the following additional war material at the prices hereinafter specified.

Twenty-first: 65.000 7 mm. Mauser Rifles or carbines without bayonet or scabbard, for which they are to be paid the sum of 5.850.000 Francs.

Twenty-second: 45.000.000 metallic cartridges suitable for the above arms, said cartridges to be made of the best materials and workmanship. The price of the 45.000.000 cartridges is 7.155.000 Francs.

Twenty-third: The above rifles or carbines and cartridges are to be subject to the usual conditions as regards inspection and supervision by the officers delegated by the Department of War.

Twenty-fourth: The above rifles or carbines and cartridges are to be delivered to the order of the Mexican Government at the respective factories at which said rifles carbines and cartridges are manufactured, and the whole of the above are to be properly packed and the wooden cases in which the cartridges are to be packed are to be tin or zinc lined.

Twenty-fifth: The cost of the transportation of the above rifles, carbines and cartridges from the point of manufacture to the point of embarkation shall be for the account of the Mexican Government.

Twenty-sixth: The above will be shipped as to an amount costing 500.000 francs in value at the end of March 1914. The remainder will be shipped as rapidly as possible having regard to the financial combinations upon which depends the promptitude of the embarkation of the supplies herein contracted for. Those combinations have been explained to the party of the first part hereto, by the party of the third part hereto and both are convinced that they afford an effective means of furnishing the Mexican Government with the rifles or carbines and cartridges herein contracted for with the least possible delay.

Twenty-seventh: Upon the signing of this contract the party of the third part hereby declares that Francs 500.000 are available under the combinations herein referred to and that cartridges and arms representing this amount will be shipped at the end of this month.

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Twenty-eighth: All payments to the party of the third part hereto shall be made against shipping documents, such documents as ready to be delivered to the party of the first part hereto who will, against the receipt of such documents give the necessary instructions for the payment to the party of the third part hereto in the amounts and upon the basis herein specified.

Twenty-ninth: Any stamps or expenses which by the French Law be required may be paid upon this or any of the Contracts arising out of this Agreement, or upon any of the bonds, shall be paid by the party of the third part. The cost of engraving the delivery of the definitive Bonds is to be paid by the Mexican Government.

Thirtieth: In the event of the Mexican Government exercising its rights to take back all or any part of the Bonds prior to the 1st July 1915, the stamps which would thereupon or thereafter be payable on said Bonds would be paid by the Mexican Government, and if any stamps had been theretofore paid upon said Bonds, this amount would be reimbursed by the Mexican Government.

Thirty-first: The party of the first part hereto and the party of the third part hereto, acting in accord, shall have the right at any time during the life of this Contract, to change the party of the second part and to designate in its stead any reputable Bankers.

Made in Triplicate, 6th March 1914.

JOHN W. DE KAY.
CARTOUCHERIE FRANCAISE
G. LEROY.
l'Administrateur Delegue (for and on behalf of the
Banque Metzger Cantonale de Berne).
6 Mars 1914 10 Rue Perlin Potree, 10 Paris.

ANNEX 24

Letter of Mexican Government acknowledging the receipt of the Voting Trust Certificates and of the authorization of the endorsing of the guarantee on the Mexican National Packing Company, Ltd. bonds

Great Britain & Ireland.
London, England. } *ss:*
Consulate General of the United States of America

I, Russell H. Rhodes, Vice-Consul of the United States of America residing at London, England, do hereby make known and certify to all whom it may concern that N. R. Jauralde who hath signed the annexed Certificate, is a Notary Public duly admitted and sworn and practising in the city of London, and that to all acts by him so done full faith and credit are and ought to be given in Judicature and thereout.

In testimony whereof, I have hereunto set my hand and affixed my seal of Office at London aforesaid, this 23rd day of February in the year of our Lord One Thousand Nine Hundred and Twenty-seven.

Russell H. Rhodes,
Vice Consul of the United States of America at London, England.

Service No. 1968
Fee $2 = 8s. 4d.
Consular seal. Fee stamp.
Stamp.

To all to whom these Presents shall come I, Nicasio Robert Jauralde of the City of London Notary Public duly admitted and sworn do hereby certify that the annexed is a true copy of the original Document whereof it purports to be a copy and that I have examined and compared such copy with the said original Document which has been unto me this day produced.

In faith and testimony whereof I have hereunto set my Hand and Seal of Office

Dated in London this Twenty-second day of February in the year of our Lord One thousand nine hundred and twenty-seven.

N. R. JAURALDE, *Not. Pub.*

Notary Seal.

[Copy]

PARIS, *4th March 1914.*

MEXICAN NATIONAL PACKING COMPANY LIMITED

(Incorporated under the Laws of the State of Maine U. S. A.)

To the CITY SAFE DEPOSIT AND AGENCY COMPANY LIMITED OF LONDON.

SIRS: I am authorised to declare to you that the Government has received from you $1,914,000 Voting Trust Certificates of the above Company and accordingly for that and for other good consideration of which on behalf of the Government I hereby acknowledge receipt the Government guarantees to you as Trustees for each of the holders of the Bonds hereinafter mentioned of the above mentioned Mexican National Packing Company Limited the due payment on their respective due dates of the principal of the undermentioned Bonds and all interest to become due thereon from the 1st January 1914 the first half yearly payment being made on the 1st July 1914. The following are the Bonds above referred to, namely:—

(a) $3,000,000 six per cent First and Special Mortgage Gold Bonds of $1,000 each numbered 1 to 3,000 inclusive.

(b) $1,500,000 six per cent Second Mortgage Gold Bonds of $300 each numbered 1 to 5,000 inclusive

of the Mexican National Packing Company Limited the principal of the First named Bonds being due on the 27th January 1931 and the principal of the second named Bonds being due on the 1st July 1931. The interest on the said Bonds respectively is payable on the 1st July and 1st January in each year.

The Government hereby authorises the endorsation upon each of the said Bonds of a notification of this guarantee.

P. M. Del Paso.

ANNEX 25

Appointment of Voting Trustees on May 18, 1914

Whereas under the Agreements made between the Mexican Government of the one part and John W. de Kay of the other part one dated in the City of Mexico on the Eighth Day of January 1914 and one in the City of London on the Second Day of March 1914 which Agreements have been reported to and approved by the Congress of Mexico and

Whereas it was provided in the said Agreements that there should be delivered to the Mexican Government at its Financial Agency in the City of London Voting Trust Certificates of the Mexican National Packing Company Limited, organized under the Laws of the State of Maine, United States of America, to the amount of fifty-one per cent. (51%) of said Voting Trust Certificates, and

Whereas said fifty-one per cent. (51%) of said Voting Trust Certificates having been delivered to the Mexican Government and the Mexican Government having by written request addressed to me asked that

Messrs Pedro Mariano del Paso
Augustin Maria Olmedo and
Fernando Cabrera

should be appointed Voting Trustees of the Mexican National Packing Company Limited., as contemplated by the Contracts above mentioned:

Now therefore I the under signed JohnW. de Kay, being now and still the registered holder of fifty-one per cent. (51%) in amount of the outstanding Voting Trust Certificates of the Mexican National Packing Company Limited organized under the Laws of the State of Maine United States of America, having sold and delivered the said certificates constituting the said fifty-one per cent. of the total

issue of the Voting Trust Certificates of the above mentioned Company, to the Mexican Government, do hereby, Pursuant to the powers vested in me, for that purpose by the Declaration and AGREEMENT OF TRUST of the Voting Trustees dated Fourth day of November 1911 appoint the under mentioned persons nominated by the Mexican Government under the said contracts, to be Voting Trustees of the above named Mexican National Packing Company Limited:—

Pedro Mariano del Paso
Augustin Maria Olmedo, and
Fernando Cabrera.

in place of Messrs

Sir Frank Crisp, Bt.,
Colonel Pedro Suarez, and
W. Capel Slaughter.

LONDON, *18th May, 1914.*

ANNEX 26

Letter dated June 10, 1914 from P. M. del Paso, to the Chairman of the Mexican National Packing Company, Limited, informing the Company of the appointment of the new trustees by Mr. de Kay on May 18, 1914

[Copy]

Agencia Financiera del Gobierno Mexicano en Londres Direccion telegrafica Mexagente, London Telefono London Wall No. 1650 Num. 1856

85/98 FINSBURY PAVEMENT HOUSE,
FINSBURY PAVEMENT, E. C.
Londres 10th June 1914.

SIR: I beg to inform you that, upon declaration made by Mr. John W. de Kay on 18th May last, acting upon instructions received from the Mexican Government, by virtue of the interest acquired by it on your Company and pursuant to the powers vested in him by the Declaration and Agree-

ment of Trust dated 4th November, 1914, appointed as Voting Trustees:

Pedro M. del Paso
Augustin M. Olmedo, and
Fernando Cabrera.

On behalf of the Committee of the said Voting Trustees, I beg, furthermore, to inform you, that the Mexican Government desires to have appointed as Manager of the Company ad-interim, Mr. Louis F. de Kay and I hope you will ask the Board to act in accordance with this request.

I am, Sir,

Yours faithfully,

(Signed) P. M. DEL PASO,
Financial Agent of the Mexican Government.

The CHAIRMAN, THE MEXICAN NATIONAL
PACKING CO. LTD.,
110, Cannon Street, E. C

ANNEX 27

Appointment of General Manager of the Mexican National Packing Company, Limited, (June, 1914) upon the request and designation of the Mexican Government.

[Copy]

MEXICAN NATIONAL PACKING COMPANY LIMITED
London Agency 110 Cannon Street
LONDON *10th June, 1914.*

PEDRO M. DEL PASO,
85/98 Finsbury Pavement House,
Finsbury Pavement, E. C.

SIR: We beg to acknowledge and thank you for your esteemed communication of to-day's date, conveying to the Board of this Company, the instructions received by you from your Government, together with its request that the Board of Directors should appoint Mr. Louis F. de Kay, Manager of the Company ad interim.

At a meeting of the Board of Directors of the Company, held this afternoon, the Company passed the resolution, of which I beg to enclose herewith certified copy under the seal of the Company.

We would be exceedingly obliged if you would be good enough to inform your Government of our compliance with its request.

I am, Sir,

Yours faithfully, for and on behalf of
MEXICAN NATIONAL PACKING COMPANY LIMITED

(Signed) SHIRLEY H. JENKS, *Chairman.*

[Copy]

AGENCIA FINANCIERA DEL GOBIERNO MEXICANO EN LONDRES. DIRECCION TELEGRAFICA MEXAGENTE, LONDON. TELEFONO LONDON WALL NO. 1650. NUM. 1900

85/98 FINSBURY PAVEMENT HOUSE
FINSBURY PAVEMENT, E. C.
Londres 19th June 1914.

DEAR SIR: I duly received your letter of the 10th instant, enclosing a certified copy of the Minute passed at a Meeting of the Board of Directors of the Company in reference to the Appointment as Manager ad interim of Mr. Louis F. de Kay.

I beg to thank you for your courtesy in having acceded to the request of my Government, and to inform you that I have already communicated the Resolution in question to the Minister of Finance.

I remain, dear Sir,

Yours faithfully,

(Signed) P. M. DEL PASO,
Financial agent of the Mexican Government.

Shirley H. Jenks Esq.,
Chairman: MEXICAN NATIONAL PACKING COMPANY LTD. A. M. R.

ANNEX 28

Documents from the State of Maine showing the lapsing of the charter of the Mexican National Packing Company, Limited.

120 Liberty Street,
New York, October 13, 1925.

Secretary of State,
Augusta, Maine.

Dear Sir: I was the President and owner of the control of the Mexican National Packing Company Ltd. of Maine which I sold to the Mexican Government in 1914.

At that time the plants, books and undertaking generally of the Packing Company was handed over to the Mexican Government which installed its own directors and managers. From then until now no report has been made to the shareholders or bondholders of the Packing Company, and as I am a Large holder of both shares and bonds, I am writing to ascertain from you the following information:

1. Has the annual Franchise tax due to the State of Maine been paid year after year? If not, when was the last payment made and what is the amount now due?

2. Has the charter of the Mexican National Packing Co. Ltd. lapsed for non-payment of taxes, and if so, when did it lapse?

3. What would be the steps now necessary and the amount now needed to be paid to reinstate the charter?

Thanking you in advance for the courtesy of your reply, I am

Yours sincerely,

(Signed) John de Kay.

I hereby certify that I have compared the above with the original thereof, and that the same is a true and correct copy.

[seal.] (S) Minnie Braun
Notary Public, New York County.

Commission expires March 30, 1926.

Frank W. Ball
Secretary of State

Edgar C. Smith
Dep'y of State

STATE OF MAINE
DEPARTMENT OF STATE
CORPORATION DIVISION
Augusta, October 14, 1925.

Mr. JOHN DE KAY,
Room 912, No. 120 Liberty St., New York City.

MY DEAR SIR: Replying to yours of the 13th inst. you are respectfully advised that the records in this office show that the Mexican National Packing Company filed its last return in 1912 and that the charter of the corporation was suspended the first of December 1915 for the non-payment of the franchise tax.

It will be necessary to pay up all back taxes to the State Treasurer if you wish to re-instate the corporation. The Corporation owes taxes for the years 1913 to 1925 both inclusive, $675, for each year with $1. additional for advertising.

Very truly yours,

FRANK W. BALL,
Sec'y of State.
By OLA W. PLUMMER
Corporation Clerk.

I HEREBY CERTIFY that I have compared the above letter with the original thereof, and that same is a true and correct copy.

[SEAL.] (S) MINNIE BRAUN
Notary Public, New York County.

Commission expires March 30, 1926.

ANNEX 29

Notification by Señor Covarrubias to the Banque Cantonale of Berne of the repudiation of the Huerta Government bonds.

Letterhead which says: Banque Cantonale de Berne Siege Central: Berne; Succursales: St-Imier, Bienne, Berthoud, Thoune Langenthal, Porrentruy, Moutier, Interlaken, Her-

zogenbuchsee, Delemont. Agences: Tramelan, Neuveville, Noirmont, Saignelegier, Laufon, Malleray. Garantie de L'Etat. Compte de Virements No. 1020 a la Banque Nationale Suisse a Berne. Compte de Cheques et Virements Postaux III, 106, Berne. Adressee télégraphique: Kantonalbank Berne.

BERNE, *18th December 1914.*

JOHN W. DE KAY, Esq.,
10, park Village West,
Regents park, London.

DEAR SIRS: With reference to our previous correspondence we beg to hand you herewith copies of a letter which we just receive from Mr Covarrubias and of our proposed reply to him.

Kindly let us know at your earliest possible moment whether we may answer to Mr Covarrubias in the proposed terms and oblige

Yours very truly,

BANQUE CANTONALE DE BERNE.

(Bank official's signature illegible.)

[Copie]

LONDRES, *le 9 Décembre 1914.*

MONSIER: J'ai eu l'avantage de vous adresser le 5 Novembre dernier, un lettre dont je vous envois ci-joint une copie craignant beaucoup qu'elle ne vous soit pas parvenue puisque je n'ai pas recu une réponse.

Je tiens a vous envoiyer également un exemplaire du "Financial Times" du 5 courant ou j'ai fait publier une déclaration au sujet des contrats de M. J. W. De Kay et des bons émis par le régime usurpateur de M. Huerta, ainsi que la lettre que j'ai adressée a la presse de Londres le mois de Janvier publiée par le "Financial Times."

Veuillez agréer, Monsieur, mes civilités empressées.

L'AGENT FINANCIER DU GOUVERNEMENT MEXICAIN AD-INT.
Sign. M. COVARRUBIAS.

MONSIEUR LE DIRECTEUR DE LA
BANQUE CANTONALE DE BERNE,
Berne, Suisse.

(COPY)

[Translation:]

London, 9th December 1914

Sir,

On the 5th November I had the advantage to forward you a letter of which I send you herewith copy as I much fear it did not reach you since I have received no reply to it.

I take this opportunity of sending you a copy of the "Financial Times" of the 5th instant in which I published a declaration on the subject of the contracts of Mr. J. W. de Kay and of the bonds issued by the usurping regime of M. Huerta, as well as the letter that I sent the London Press in the month of January, published by the "Financial Times".

Yours very truly,

(sd) M. Covarrubias.
The Financial Agent of the
Mexican Government ad-int.

The Director of the Banque Cantonale de Berne,
Berne. Switzerland.

Letterhead which says: Kantonalbank von Bern, Hauptsitz: Bern. Banque Cantonale de Berne, Siége Central: Berne. Wertschriftenverwaltung, Service des Titres.

Proposed reply to Mr Covarrubia's letter

U. Covarrubias, Esq.,
85/98, Finsbury Pavement House,
Finsbury pavement, London, E. C.

Dear Sir: In receipt of your favour of the 9th inst. we beg to inform you, that as we cannot accept any instructions from an Agent of a Mexican Government which does not approve the liabilities of Huerta's Government and which has moreover not been recognized by the foreign powers, we are not in a position to take into consideration the instructions given to us with your letter of the 5th ulto.

Yours faithfully

Banque Cantonale de Berne.

Letterhead which says: Banque Cantonale de Berne. Siege Central: Berne. Succursales, St.-Imier, Bienne, Berthoud, Thoune, Langenthal, Porrentruy, Moutier, Interlaken, Herzogenbuchsee, Delémont. Agences: Tramelan, Neuveville, Noirmont, Saignelegier, Laufon, Malleray. Garantie de L'Etat. Compte de Virements No. 1020 a la Banque Nationale Suisse a Berne. Compte de Chéques et virements Postaux III, 106, Berne. Addressê télégraphique: Kantonalbank Berne.

BERNE, *31st December 1914.*

JOHN W. DE KAY, Esq.,
10, park Village West,
Regents park, London.

DEAR SIR: In receipt of your favours of the 15th, 16th, and 23d inst. we beg to express you our very best thanks for your kind communications and for the different paper cuttings which you have been good enough to send us.

We are going to reply to Mr. Covarrubias' letter in the proposed terms and remain, dear Sir,

Yours very truly,

BANQUE CANTONALE DE BERNE.

(Bank official's signature illegible.)

ANNEX 30

Letter of June 12, 1922 from Thomas W. Lamont to Messrs. J. Spieler and Co., bankers of Lucerne, regarding the repudiation of the Huerta Government bonds.

The original of this Annex is deposited with the American Agency and is available to the Commission or to the Agent for the United Mexican States.

INTERNATIONAL COMMITTEE OF BANKERS ON MEXICO: American Section—J. P. Morgan, chairman, Thomas W. Lamont, alternate chairman, John J. Mitchell, Walter T. Rosen, Charles H. Sabin, Mortimer L. Schiff, Charles E. Mitchell, George W. Davison, Albert H. Wiggin, Robert Winsor, Edward F. Swinney, Edward R. Tinker, secretary, Ira H. Patcihn, Asst. Secretary. British Section—Laurence

Currie, Sir Clarendon Hyde, E. R. Peacock, Vivian H. Smith, Vincent W. Yorke. French Section—William d'Eichthal, George Heine, André Honnorat, Jacques Kulp, Joseph Simon. Switzerland—G. Pictet, Geneva. The Netherlands—Hope & Co., Amsterdam. Belgian—Auguste DuPont, Antwerp.

23 Wall Street,
New York, *June 12, 1922.*

Messrs. J. Spieler & Cie.,
Lucerne, Switzerland.

Gentlemen: I beg to acknowledge receipt of your letter of May 29th, regarding the recognition of certain series of the so-called Huerta Bonds in any general settlement of the Mexican External Debt situation.

I fear that the repudiation of bonds, in any settlement which might be reached, would not create a precedent, as you indicate, because in practically every adjustment of the Mexican Debt there have been sacrifices made which amounted to repudiation of a large part of the existing indebtedness.

We are advised, on competent authority, that the recognition of all the Huerta bonds is a political question such as no government that recognized the loans in full would survive, and, if in the course of our discussion it appears that we could agree on a settlement which would be impossible if the full recognition of the Huerta loans (aggregating £17,500,000) were insisted upon, the Committee would be derelict in its duty to the great majority of bondholders to prejudice a settlement in this way. It is by no means certain that any settlement will arise out of the discussions that are taking place with the Minister at the present time, but a statement will be made in due course as to what has resulted from the discussions.

Yours very truly,

(Signed) T. W. Lamont,
Chrman.

ANNEX 31

Opinion regarding the status of the Huerta Government by Sub-Secretary of Justice, A. Garza Galindo.

For full text of this Annex, see Memorial, pp. 84–88.

A printed copy of this Annex is deposited with the American Agency and is available to the Commission or to the Agent for the United Mexican States.

ANNEX 32

Opinion of Dr. Bartolomé Carbajal y Rosas regarding the validity of the Huerta Government bonds

For full text of this Annex, see Memorial, pp. 88–90.

The original of this Annex is deposited with the American Agency and is available to the Commission or to the Agent for the United Mexican States.

ANNEX 33

Opinion of Luis L. de la Barra regarding the Huerta Government bonds and the disposition thereof

For the full text of this Annex, see Memorial, pp. 90–96.

A signed original of this Annex is deposited with the American Agency and is available to the Commission and to the Agent for the United Mexican States.

ANNEX 34.

Contract of purchase of Voting Trust Certificates, combining the provisions of the contracts of January 8, 1914 and March 2, 1914.

CONTRACT OF JANUARY 8, 1914.

CONTRACT made between Mr. Pascual Luna y Parra Sub-Secretary of Finance and Public Credit, in charge of that office,

CONTRACT OF MARCH 2, 1914.

representing the Federal Executive and Mr. John W. de Kay in his own right in accordance with the following clauses: under Agreement of the President of the Republic taken in Council of the Ministers:

FIRST. Mr. John W. de Kay declares that the Mexican National Packing Company Limited organized under the laws of the State of Maine, United States of America, is the owner of concessions granted by the Mexican Government dated 14th of December 1903 4th September 1907 and 22nd of October 1908 for the construction, administration and exploitation of the Rastro of the City of Mexico; 7th of February and 22nd of October 1908 for the sanitary inspection of the products of the Packing House of Uruapan; 4th of April 1903, 16th of February 1907 11th of February 1908 24th of October 1908 for the construction of a packing house in Michoacan and a factory for by-products; also refrigerator stores and markets and for the use of the waters of the river Cupatitzio and from the State of Michoacan dated the 2nd of May 1899 also it is the owner of the following properties:

(A) Rastro of the City of Mexico

(B) Packing House at Uruapan

(C) Cold Storage Warehouse at Rancho del Chopo in the City of Mexico.

(D) Cold Storage Warehouse in San Luis Potosi.

(E) Ninety-five refrigerator cars, delivery vans and other machinery and equipment.

SECOND. The Capital of the Mexican National Packing Company Limited and the Bonds which have been issued are as follows:

(a) 3,750,000 dollars Common Stock fully issued and paid.

(b) 9,000,000 dollars preferred Stock with the right to receive six per cent dividends but with no guarantee that they will have such dividends.

These shares have been fully issued.

(c) FIRST MORTGAGE BONDS for the value of 3,000,000 dollars drawing six per cent interest per annum issued under agreements made between the Mexican National Packing Company Limited and the Central Trust Company of New York dated the 27th day of January 1911 and the 29th of November 1911 on the understanding that said Bonds are to be paid off on the 27th of January 1931.

(d) SECOND MORTGAGE BONDS for the value of 1,500,000 dollars drawing six per cent interest per annum issued under agreement made between the Mexican National Packing Company Limited and the Farmers' Loan and Trust Company of New York dated the 1st day of July 1911 on the understanding that such bonds are to be paid off on the 1st of July, 1931.

The control of the Mexican National Packing Company Lim-

ited is vested in three Voting Trustees named by the holders of 51 per cent of the Voting Trust Certificates. These Certificates represent an equal amount in the Common Stock of the Mexican National Packing Company Limited. A copy of the Voting Trust agreement dated the 4th of November 1911 is attached to this Contract and marked as Exhibit No. 1.

THIRD. Mr. John W. de Kay states that he is the owner of 51 per cent of the Voting Trust Certificates above mentioned with all of the rights attached to them and that they constitute the absolute control of the Mexican National Packing Company limited. In virtue of the stipulations and agreements contained in this Contract he has agreed to transfer to the Mexican Government the absolute ownership, without reserve, of 51 per cent of the above mentioned Voting Trust Certificates fully guaranteeing that they constitute the control of the Mexican National Packing Company Limited as set out in the Voting Trust Agreement above mentioned.

~~FOURTH. The Mexican Government purchases from Mr. John W. de Kay for the sum of 10,000,000 pesos fifty one per cent of the Voting Trust Certificates of which he is the owner and which represent the same proportion in value of the Common Stock of the Mexican National Packing Company, Limited and~~

CONTRACT OF JANUARY 8, 1914.

~~which as has been stated constitutes the control of the said Company: in the following terms:—~~

~~(a) By decree issued on the same day as this Contract, in use of the powers granted to Executive in the Ministry of Finance by a decree of the 17th of December 1913 there has been authorized an issue of Bonds of the Interior Public Debt for the par value of 25,000,000 pesos guaranteeing the due payment of the interest and amortization, of such Bonds, with the products of the taxes collected at the Rastro of the City of Mexico.~~

~~(b) The Bonds to be issued to the amount of 25,000,000 pesos created by the decree just mentioned will be applied:~~

~~(A) To the payment of the value of the 51 per cent of the voting Trust Certificates of the Mexican National Packing Company Limited which are sold by Mr. John W. de Kay—10,000,000 pesos nominal value at par.~~

~~(B) The balance, namely 15,000,000 pesos are taken firm by Mr. John W. de Kay at 85 per cent of their par value, he having the right to sell them directly for his own account or to realize them by means of Bankers to whom he is authorized to offer them with absolute liberty on any conditions that he may consider convenient, being in any case obliged to place at the disposal of the Mexican Government a sum in pounds sterling equivalent to 12,750,000 pesos, of which sum the Government~~

CONTRACT OF MARCH 2, 1914.

First. The Mexican Government, represented by the aforesaid Financial agent, and with the authorisation conferred upon said Agent by the decree of the Executive of the Union of the 24th February 1914, issued in virtue of the faculties conferred upon the said Executive by the law of the Congress of the Union of 17th December 1913, agrees with said Mr. John W. de Kay in modifying the contract made between the same contracting parties in Mexico on the 8th January 1914, in the following terms:—

A. Clause Fourth of the contract of the 8th January 1914 is hereby altered to read as follows:—

"The Mexican Government buys from Mr. John W. de Kay for the sum of 10,000,000 pesos 51% of the Voting Trust certificates which he owns and which represent the same proportion in value of the Common shares of the Mexican National Packing Company Limited and constitutes, as aforesaid, the control of the said Company.

"The payment of said 10.000.-000 pesos will be made in Treasury Bonds of the External Debt 6% of 1913 at par of their nominal value and said Bonds will be considered in all respects pari passu with the Bonds of the same Loan issued according to the contract of the 8th June 1913 made

CONTRACT OF JANUARY 8, 1914.

~~will dispose according to the terms of this Contract.~~

FIFTH. The Mexican Government agrees in acquiring the control of the Mexican National Packing Company Limited to guarantee without any restrictions whatever the payment of the principal and interest of the two series of Mortgage Bonds issued by said Company, being responsible for the interest which falls due on the 1st of July of the present year and from that date onward until the date of the redemption of said Bonds. The Government will have the right but will not be obliged to create a fund for the amortisation of said Bonds and the Holders of these Bonds will not have any right to oblige the Government in any form to create said Fund.

~~SIXTH. The Bonds created by virtue of the decree of this date will receive an annual interest at the rate of six per cent payable every six months on the 1st day~~

CONTRACT OF MARCH 2, 1914.

with the Banque de Paris at des Pays-Bas and other banks. It is understood that said bonds will be subject to the terms of the said contract of 8th June 1913 made between the Mexican Government and the said Banks in the sense that they cannot be sold by said Mr. John W. de Kay before 1st July 1915.

The Government will have the right but not the obligation to pay in cash to Mr. John W. de Kay the 85% of nominal value of the 10.000.000 pesos of Bonds received by him at any time before the 1st July 1915, taking in exchange the aforesaid Bonds."

B. Clause sixth is suppressed.

CONTRACT OF JANUARY 8, 1914.

~~of July and the 1st day of January of each year; the first payment on the 1st of July of this year will only comprise the interest from the date of the issue of the Provisional Certificates until the 30th of June next.~~

~~The principal of these Bonds is repayable at the end of twenty years counting from the 1st of January 1914. The Mexican Government has the right in any case to redeem them on or after the 1st of January 1919 either by buying them directly in the market or by means of drawings.~~

~~SEVENTH. The Government will have duly prepared at the latest within forty days from the date of this Contract Provisional Certificates to bearer of 5,000 pesos each representing the total amount of the issue. It will deliver to Mr. de Kay 10,000,000 pesos of such certificates in exchange for the Voting Trust Certificates representing the 51 per cent of the Common Stock of the Mexican National Packing Company Limited and the balance under the terms that will be stated in clauses 11a and 12a of this contract. The text of the Provisional Certificates and of the Definitive Bonds which the Mexican Government will issue to the amount of 25,000,000 pesos will contain the stipulations and agreements expressed in clauses 8a and 9a of this contract, and whatever other additional stipulations that may be considered convenient in order for the Gov-~~

CONTRACT OF MARCH 2, 1914.

C. Clause seventh of the said contract of 8th January 1914 is hereby altered to read as follows:

"Not later than the 15th March 1914 the Government will have ready with the necessary formalities, Provisional Certificates or Bonds to bearer which will represent the amount of £3,025,000 sterling in Bonds of the External Debt of 1913 above mentioned. Of such certificates the financial agent of the Mexican Government will deliver to Mr. John W. de Kay 10.000.000 pesos in exchange for the Voting Trust Certificates which represent 51% of the ordinary shares of the Mexican National Packing Company Ltd., and the remainder of said £3,025,000 sterling will be deposited with the bankers designated by Mr. John W. de Kay after the signature of the contracts between Mr. John W. de Kay and the different firms contracting war materials in the necessary amounts to comply

~~ernment to make its obligations completely clear. The text of said Bonds will be drawn up by the Mexican Government in agreement with Mr. de Kay.~~

~~The Definitive Bonds will be issued in the series and with the denominations which will be designated by Mr. de Kay at the latest by the 31st March of the present year and such Bonds as well as the Provisional Certificates will be printed in Spanish English and French and on the reverse side of each one there shall be printed in the same languages the text of the decrees of the 17th of December 1913 and of this date in virtue of which, said Bonds will be created. The exchange of the Provisional Certificates for the Definitive Bonds will be made at the latest on the 1st of June 1914 such exchange to be made through the intermediary of a bank in the City of London that will be designated by Mr. de Kay; duly destroying the Provisional Certificates with the intervention of the Government on their exchange.~~

EIGHTH. It is established that the fixed rate between the Mexican Peso and the English money is twenty four and a half pence for each peso and that this rate will serve as a basis for all time for the payment of the principal and interest which will be made in Europe.

with this contract taking the bonds for that effect upon the basis hereinafter stipulated.

Upon the delivery to the Mexican Government by the said Mr. John W. de Kay of 51% of the Voting Trust certificates of the Mexican National Packing Company Ltd., which shall be made simultaneously upon signing the contracts to be entered into between said Mr. John W. de Kay and the Bank or Bankers and the contractors of war material up to the amount of 35,000,000 francs, the Government expressly agrees that the whole of the obligations imposed upon said Mr. John W. de Kay under the contract of the 8th January 1914 hereinabove referred to, made between the Government and himself, have been fully complied with and that in so far as said contract of the 8th January 1914 above mentioned has not been altered by the present contract, the said contract of the 8th January 1914 above mentioned remains in full force and effect and that the obligations imposed upon the Mexican Government by Articles fifth and fourteenth of the said contract of the 8th January 1914 remain in full force and vigour.

CONTRACT OF JANUARY 8, 1914.

~~NINTH. The Mexican Government allocates in a special and express manner as a guarantee for the payment of the interest and principal of the Bonds created by virtue of the decree of this date all of the taxes collected at the Rastro of the City of Mexico which taxes will be increased as necessary when the Government has the control of the Mexican National Packing Company Limited in such form that said taxes will produce at least 1,500,000 pesos annually. These taxes will continue to be collected daily as at present and the entire amount will be deposited each week in the National Bank of Mexico which will keep a Special account for such taxes and will dedicate them exclusively to the payment of the service of the Bonds referred to in this Contract, and after an amount necessary to cover such services, the Government will be able to dispose of any sum over and above the amount necessary to cover the service for each six months.~~

~~Every three months the funds produced by these taxes will be remitted to one of the Banks of London or Paris designated by Mr. John de Kay on the understanding that said Bank will credit the Government with interest at the rate of two per cent per annum on the amount standing daily at its disposal.~~

~~If on account of whatever circumstances the amount of the taxes should not be sufficient to cover the interest of the Bonds~~

CONTRACT OF MARCH 2, 1914.

D. Clause ninth is hereby altered to read as follows:—

"The Mexican Government will dispose freely of the taxes collected in the Rastro of the City of Mexico."

CONTRACT OF JANUARY 8, 1914.

~~the Mexican Government has the obligation before the 1st of June and the 1st of December of each year to make good the difference, taking such sum from its general income, with the object that always before the 1st day of July and the 1st day of January of each year Bankers in Paris or London with whom may be deposited the sums for the payment of the service will have an amount sufficient to pay the coupons maturing respectively on the 1st day of July and the 1st day of January.~~

~~TENTH. The capital and interest of the bonds to which this contract refers shall be exempt from all taxes or contributions of whatever sort federal as well as of the states of the Republic or of its territories or municipalities.~~

~~ELEVENTH. The proceeds of the bonds will be distributed in the following manner:—~~

~~(A) Ten million pesos nominal value of the Bonds at par will be delivered to Mr. John W. de Kay as payment for the control of the Mexican National Packing Company Limited and he will have the most absolute right to dispose of all or any part of these bonds or of the product of the same without any restrictions of any kind whatsoever if he has delivered the Voting Trust Certificates which represent the 51 per cent of the Common Stock of the Mexican National Packing Company Limited.~~

~~(B) The remainder of Fifteen million pesos of Bonds belongs~~

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E. Clauses tenth and eleventh are hereby suppressed.

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~~to the Mexican Government and Mr. John W. de Kay takes them firm at 85 per cent of their nominal value that is an equivalent sum in pounds sterling to Twelve million seven hundred and fifty thousand pesos at the rate of exchange of Twenty four and a half pence per peso.~~

~~The Government will be able to dispose of this sum in the following manner:~~

~~The Mexican Government will accept from Mr. John W. de Kay the delivery of the arms and munitions which the Secretary of War has contracted for and which are detailed in another Contract of this date made between Mr. John W. de Kay and the Mexican Government through the said Department of State and Ministry of War. The Government will receive as fulfilment of the delivery the Bills of Lading calling for the shipments from European ports which the Government will designate and if he should not deliver the arms in the time stipulated he will place at the disposal of the Mexican Government the amount in cash.~~

~~TWELFTH. Within a period of forty days counting from the date upon which the Provisional Certificates may be ready for delivery as referred to in Clause 7 a Mr. John W. de Kay is obliged to place at the disposal of the Government in cash a sum in pounds sterling equivalent at least to six million four hundred and fifteen thousand nine hundred and seventy three pesos~~

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F. Clause twelfth is to be suppressed except the last two paragraphs of said clause, which remain in full force and vigour.

~~thirty eight centavos as part of the proceeds of the fifteen million pesos of the Bonds nominal value; on the understanding that the above mentioned sum will be collected at the rate of exchange in paragraph (a) of the eleventh Clause of this Contract or in lieu of this he will deliver to the Mexican Government within the time above stipulated the shipping documents which cover the arms and munitions already contracted for by the said Government and which are specified in detail in the contract made between Mr. John W. de Kay and the Executive of the Union represented by the Secretary of War relative to the sale of arms and munitions.~~

~~Within the period of thirty days counting from the expiration of the above, Mr. John W. de Kay is obliged to deliver to the Mexican Government the sum of six million three hundred and thirty four thousand and twenty six pesos sixty two centavos in total payment of the balance of the 15,000,000 pesos nominal value of the Bonds or failing to do that he is to deliver to the Mexican Government another quantity of arms and munitions to this value at the price expressed in the agreement made between the Mexican Government and Mr. John W. de Kay; and the compliance with this obligation will be considered as the final and total payment of the value of the Bonds for 15,000,000 pesos, but as stated in~~

~~the contract the payment of the aforementioned sum of six million three hundred and thirty four thousand twenty six pesos and sixty two centavos would be made in pounds sterling or its equivalent at the rate of twenty four and a half pence per peso.~~

~~Not later than the day when the bills of lading covering the arms to the amount of six million four hundred and fifteen thousand nine hundred and seventy three pesos thirty eight centavos are delivered, Mr. John W. de Kay will deliver to the Financial Agent of the Mexican Government in London the Voting Trust Certificates representing fifty one per cent of the Common Stock of the Mexican National Packing Company Limited and thereupon Mr. de Kay will receive a sum in Provisional Certificates which will be sufficient to cover the value of the arms just mentioned and also half of the ten million pesos agreed to as the price of the control of the Mexican National Packing Company Limited. The remiander of these Provisional Certificates which constitute the price of the control namely five million pesos of said Certificates will remain deposited in the Financial Agency in London and Mr. de Kay will not be able to dispose of them until he has delivered the six million three hundred and thirty four thousand and twenty six pesos sixty two centavos which constitute the balance of the value of the issue.~~

At the time of the delivery by Mr. John W. de Kay of the fifty-one per cent of the Voting Trust Certificates which he sells to the Mexican Government the said Government will appoint the three Voting Trustees of the Mexican National Packing Company Limited who will nominate the Board of Directors of the said Company and in the names of these three Voting Trustees so appointed will be registered all the Common Stock of the Mexican National Packing Company Limited with the exception of nine shares of the nominal value of One hundred dollars each, which it is necessary to reserve as shares for the Directors.

The Voting Trustees chosen by the Government will appoint all of the Directors of the Mexican National Packing Company Limited who will immediately give possession as managers and officials of the said Company the persons designated by the Government through the medium of the Voting Trustees.

THIRTEENTH. All of the debts of the Company except those which result from the shares and the Bonds will be paid by Mr. John W. de Kay with the assets of the Company on the day on which the Fifty-one per cent of the Voting Trust Certificates, otherwise the control, is delivered to the Government considering such assets to consist of the cash in hand, the live stock and the disposable products of the Company.

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FOURTEENTH. At any time after the fifty-one per cent of the Voting Trust Certificates of the Mexican National Packing Company Limited have been delivered to the Mexican Government the holders of the First Mortgage Bonds to the amount of three million dollars and the holders of the Second Mortgage Bonds for the amount of One Million five hundred thousand dollars will have the right to apply to the Financial agent of Mexico in London for the endorsement on the respective Bonds, the obligation of the Mexican Government guaranteeing the Payment of the interest and principal of the above mentioned First and Second Mortgage Bonds, and the Mexican Government will to that effect give to the Financial Agent the necessary instructions immediately when it receives the documents securing the control of the Mexican National Packing Company Limited.

FIFTEENTH. Within forty days after the date on which Mr. John W. de Kay may conclude the purchase of the fifteen million pesos of Bonds of the interior Debt he will notify the Government whether or not he is able to furnish the remainder of the arms and munitions which are specified in the Contract he has made with the said Government and if in the affirmative he will receive in payment for the sum in the form specified in this respective Contract the Bonds of an Interior Debt six per cent

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which may be created by the Government or Bonds of the External Loan of 1913 at Ninety per cent of their par value and identical in all respects to those issued by the Banque de Paris et des Pays-Bas and other bankers in 1913 at the choice of option of said Mr. John W. de Kay.

SIXTEENTH. The Mexican Government will not hold Mr. de Kay responsible in any manner for whatever delays that may occur, on the part of the Government in the inspection and passing of the arms and munitions which the said Government has agreed to buy from Mr. de Kay on the Understanding that it is expressly stipulated that the arms and munitions referred to in this Contract to the amount of six million four hundred and fifteen thousand nine hundred and seventy three pesos thirty eight centavos must be made through the port of Hamburg.

SEVENTEENTH. Of the Twenty five million pesos of Bonds created on this date, Mr. de Kay has the power to issue for public subscription in the Foreign markets which he may select and through the medium of the banking houses, banks, issuing houses or Stock Exchange houses which the same Mr. John W. de Kay may select, the amount which he may designate; it being understood that by this Contract he is expressly and specially authorized to carry out such negotiations and if subscripscriptions should be received for the account of the Mexican Gov-

ernment or for his own account, whether for all or a part of the issue of the said bonds to the amount of twenty five million pesos, the said John W. de Kay will have the right to dispose of the whole amount of the issue in the terms heretofore stipulated in Clause Eleven.

EIGHTEENTH. In all cases in which it is stipulated in this Contract that Mr. John W. de Kay must give "notice to" or "advise" the Mexican Government, it is understood that such "notice" or "advice" given in writing to the Financial Agent of the Mexican Government in London will be considered as sufficient so far as it refers to the obligations of the said John W. de Kay.

NINETEENTH. All of the expenses which are required by this Contract for its legalisation shall be for the account of Mr. John W. de Kay on the understanding that said Contract will not be stamped in virtue of the provisions of the Article 5 of the decree of this date, which authorises the issue of the Bonds. If by reason of placing the Bonds on the foreign markets there should be any tax it will be for the account of Mr. John W. de Kay with respect to the ten million which he receives in payment for the control of the Mexican National Packing Company Limited and for the account of the Government with respect to the remainder of the fifteen million pesos which Mr. de Kay takes firm at 85 per cent of their par value.

ANNEX 35

Contract for paying Mexico's debts for arms and ammunition,—combining the provisions of the contracts of January 10, 1914 and March 2, 1914.

CONTRACT OF JANUARY 10, 1914.

CONTRACT entered into by the MINISTER OF WAR and MARINE, GENERAL OF DIVISION AURELIO BLANQUET, in representation of the Federal Executive, and Mr. John W. de Kay in his own right.

CLAUSE 1. *The Mexican Government agrees to purchase from Mr. John W. de Kay the following:—*

1. 250,000 Mauser Rifles, 7 mms. at frcs. 84 each without bayonet or scabbard.

2. 250,000,000 cartridges for the above rifles at frcs. 124 per thousand.

3. 100 mountain cannon 70 mms. Mondragon type at frcs. 129,800 per battery of six guns with their own cases, etc.

4. 500,000 Granadas for above cannon at frcs. 57.50 each.

5. 500 Rapid Firing Guns, Hotchkiss automatic, 7 mms. at three hundred twenty five pounds seven shillings sterling each.

CLAUSE II. *The Mexican Government has entered into contracts to purchase arms and ammunition as follows:—*

OESTERREICHISE, 18,000 Mauser rifles	382, 104. 00
ALEJANDRO HOLSTE, 60,000,000 Mauser cartridges	3, 161, 930. 48
DEUTSCHE WAFFEN, 10,000,000 Mauser cartridges	480, 000. 00

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Herstal Waffen, 5,000,000 Mauser cartridges	232, 009. 29
Gobierno Espagnol,6,000,000 Mauser cartridges and 3,000 Mauser Carbines	340, 301. 97
Oguri Yataka, 10,000 Mauser rifles	558, 276. 09
Hotchkiss & Co., 20 Machine guns	42, 349. 33
Compania Fraguas. A battery of 6 canons of 70 mms. with 3,000 cartridges	195, 057. 42
Oguri Yataka, 10,000,000 Mauser cartridges	250, 802. 57
Parent & Leroy, 4,500 Mauser carbines	90, 000. 00
Cotton Powder, 25,000 hand grenades	225, 755. 68
Hotchkiss & Co., 46 Portable Machine guns	71, 207. 69
Compania de Fraguas 20,000 cartridges of 75 mm. S. Chaumond Mondragon	386, 178. 36
	6, 415, 973. 38

Six Million, Four Hundred Fifteen Thousand, Nine Hundred Seventy Three Pesos—Thirty Eight Centavos.

Copies of the contracts above mentioned will be immediately delivered to Mr. John W. de Kay for his information and guidance in arranging for the payment and shipment of the above mentioned arms and ammunition.

~~Clause III. The Mexican Government through the offices of Hacienda and Public Credit has entered into a contract with Mr. John W. de Kay in which contract it is provided that within a period of forty days counted from~~

~~the date on which the Mexican Government complies with its obligations imposed upon it under said Contract said Mr. John W. de Kay is obliged to place at the disposal of the Mexican Government the arms and ammunition mentioned in Clause H amounting to 6,415,973.38 pesos or in lieu thereof the cash. The delivery to the order of the Mexican Government of the shipping documents covering the above mentioned arms and munitions to be embarked from a port in Europe to be designated by the Mexican Government will be considered as the compliance by Mr. John W. de Kay with the payment for such arms and munitions. Said Mr. John W. de Kay, in his contract with the Department of Hacienda and Public Credit is accepting in payment for the above mentioned arms and munitions or in lieu thereof the money, the 6 per cent Internal Bonds of the Mexican Government issued as is provided in his contract with Department of Hacienda at 85% of their par value. It is understood that prices stipulated for the arms and munitions in Clause I of this Contract are the prices at the point of manufacture of such arms and munitions, and that said Mr. John W. de Kay shall not be called upon to pay any freight or charges of transportation, such disbursements to be made by the Mexican Government.~~

CONTRACT OF JANUARY 10, 1914.

~~CLAUSE IV. Within a period of thirty days after that expressed in the above clause said Mr. John W. de Kay is obliged to deliver to the order of the Mexican Government in Europe the shipping documents representing arms and munitions to the further value of $6,334,026.62 pesos, Six million, three hundred thirty four thousand, twenty six pesos, sixty two centavos, being a part of the arms and munitions which the Government is willing to purchase from said Mr. John W. de Kay as specified in Clause I of this Contract. The same stipulation in this regard as that contained in Clause III above shall apply to this 6,334,026.62, namely that said Mr. John W. de Kay has the right within the time mentioned to deliver instead of the arms and munitions the equivalent in cash, namely $6,334,026.62 and if the arms and munitions are delivered, such delivery will be completed by the delivery to the Order of the Mexican Government of the shipping documents calling for the embarkation of such arms and munition from a port in Europe to be designated by the Mexican Government. In every instance where it is provided in this contract that Mr. John W. de Kay shall notify the Mexican Government "or shall deliver to the order of the Mexican Government" it is understood that such "notification" or such "delivery" made by the said Mr. John W. de Kay to the Financial Agent of the Mexican Government in London~~

CONTRACT OF MARCH 2, 1914.

Mr. John W. de Kay retains all of the rights conferred upon him by Clauses I & V of the contract entered into in Mexico on the 10th January 1914 between the Minister of War & Marine, General of Division, Aurelio Blanquet, in representation of the Federal Executive of the one part and Mr. John W. de Kay in his own right.

Clause VI of the said contract is hereby amended so that the price at which the said Mr. John W. de Kay is to receive the 6% Gold Bonds of the Loan of 1913 therein mentioned is reduced to 85% of their par value instead of 90% as expressed in such Clause VI of said contract above referred to.

Clauses III & IV of the contract of the 10th January 1914 above mentioned are hereby suppressed.

CONTRACT OF JANUARY 10, 1914.

~~shall be accepted by the Mexican Government as "notification" and "delivery" to the said Government.~~

CLAUSE V. Withing forty days after said Mr. John W. de Kay shall have delivered to the Mexican Government either the arms and munitions to the value of $12,750,000, Twelve million, seven hundred fifth thousand pesos or in lieu thereof the cash as is stipulated in clauses third and fourth of this Contract the said John W. de Kay shall notify the Mexican Government whether or not he is prepared to furnish the whole of the remainder of the arms and munitions specified in Clause I of this Contract, and if he is prepared to do so he will cause to be delivered to the Order of the Mexican Government the shipping documents calling for such arms and munitions to the Mexican Government for embarkation from a port in Europe to be designated by the Mexican Government, 10 per cent of such arms and munitions monthly for each month until the whole of the amount contracted for in Clause I of this contract shall have been supplied. If for any reason it is impossible to manufacture arms and munitions in the quantities herein contemplated within the times herein specified such periods of delivery shall be extended for a sufficient time to permit said arms and munitions to be manufactured.

CONTRACT OF MARCH 2, 1914.

CLAUSE VI. In payment for the arms and munitions which may be supplied by Mr. John W. de Kay to the Mexican Government under this Contract in an amount exceeding the value of 12,750,000 pesos said John W. de Kay is to be paid for such arms and munitions with Bonds of the 6 per cent External Loan of 1913 at 90 per cent of their par value, such Bonds to rank in all respects pari passu with the Bonds of the same issue which were offered in 1913 by the Banque de Paris et des Pays-Bas and other bankers.

CLAUSE VII. Said Mr. John W. de Kay shall not be responsible for any delays which may occur in carrying out the above mentioned obligations if such delays are caused by the Mexican Government either through its failure to comply with its part of the Contract or through any delay which may be caused by the Mexican Government in the matter of inspecting and passing upon the arms and munitions specified in Clause I of this Contract. It is also understood that in respect to the arms and munitions mentioned in Clause second of this Contract, that there shall be no delay on the part of the Mexican Government in inspecting and passing upon such arms and munitions.

CLAUSE VIII. This Contract shall be signed by both parties in duplicate one copy being for the Mexican Government and

CONTRACT OF JANUARY 10, 1914.

the other for Mr. John W. de Kay.

CLAUSE IX. In view of the fact that the whole of the payment for the above mentioned arms and munitions will be made with Bonds and not with cash the Mexican Government agrees to waive the payment of any stamps for this contract and also waives the payment of the Mexican Consular Fees in respect to the shipments of arms and munitions for the Mexican Government.

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Second: Said Mr. John W. de Kay is hereby expressly given the authority and the right to enter into contracts with Bankers, armament manufacturers and others in order to provide for the payment in due course of a total of 35,000,000 francs for war material, either heretofore contracted for or which will hereafter be contracted for between said Mr. John W. de Kay and other firms or corporations, in such terms that the war material which is now ready and in the possession of all the firms contracting with the said Mr. John W. de Kay, shall be shipped immediately from a European port to be designated by the Government and that the future shipments of said war material shall be made upon the dates specified in the contracts between the said Mr. John W. de Kay and the contracting firms, up to a total of 35,000,000 francs. Such sum of 35,000,000

francs is to be applied as follows:—

A. To the payment of the amounts due to the firms signing the contracts with said Mr. John W. de Kay on account of the contracts which said firms have heretofore made with the Mexican Government on the understanding that if it is necessary to pay interest upon past due payments from their due dates until the signing of said contracts the rate of interest will not exceed 6% per annum.

B. To the due payments upon the dates to be specified in the contracts to be made between the said Mr. John W. de Kay and the firms with which he contracts for the new war material to be supplied under contracts with the said firms in an amount so that the payment of the old accounts of the contracting firms and the war material to be supplied under the contracts mentioned in this paragraph, ill together aggregate 35,000,000 francs.

Third: In order to effect the due payments above contemplated the Mexican Government will forthwith deposit with Bankers to be designated by said Mr. John W. de Kay £2,000,000 Provisional Bonds of the External Government loan of 1913; said bonds so to be deposited, to be considered in all respects as ranking pari passu with the Bonds of the same issue sold in 1913 to the Banque de Paris at des Pays-Bas and its group.

These Bonds so to be deposited are to be released by the said Bankers in the amounts and at the times necessary to effect the due payments necessary according to the contracts mentioned in paragraphs "A" & "B" above, and in the same proportion as to amount which 35,000,000 francs bears to the £2,000,000 of said bonds.

Payments upon this basis to be made by the said Bankers to the said contractors either in cash or in Bonds as may be agreed between said Bankers said contractors and said Mr John W. de Kay.

Fourth: If on or before the 1st July 1915 the Mexican Government has not repaid in cash the amounts which have been paid on account of sums now due and also under the contracts to be made between Mr. John W. de Kay and the various contractors above mentioned with interest at 6% per annum upon said Bonds, the holders of the Bonds will have the right to retain such Bonds as their own property. The Government has the right but not the obligation to repay such sums herein above specified in cash at any time before the 1st July 1915.

Fifth: The said Mr. John W. de Kay will have the right to agree with the bankers with whom he contracts that the Mexican Government undertakes to give to such contracting bankers a participation in the final issue of the balance of the loans of 1913 sub-

ject always to the previous consent of the Banque de Paris et des Pays-Bas and in the future loans to be made by the Government. Such participation to be upon such basis as to terms and amounts as may be arranged between the Government and such Banks always on the understanding that having regard to the contract now existing between the Government and the Banque de Paris et des Pays-Bas and its group, the Government is not at liberty to arrange or to offer any arrangements in respect to the loan of 1913 above mentioned until after the 1st July 1915.

Sixth: Neither the Bankers with whom the bonds of the 1913 External loan are deposited nor the contractors who may receive said bonds will have any right to sell all or any part of such bonds prior to 1st July 1915.

Seventh: As a consequence of this contract and in order to give effect to his part of this agreement with the Mexican Government Mr. John W. de Kay is hereby authorized to enter into any and all of the contracts which he may consider necessary in order to carry out the conditions which are herein agreed to between the Government and himself. The right is hereby expressly conferred upon the said Mr. John W. de Kay to enter into and sign the said contracts with bankers, armament manufacturers and any other persons, corporations, or

agents as he may consider necessary, such contracts to be signed by the said Mr. John W. de Kay as the representative of the Mexican Government and on its behalf but without personal liability for the said Mr. John W. de Kay.

Eighth: In every instance where it is provided either in this contract or in the contracts of the 8th and 10th January 1914 herein referred to that Mr. John W. de Kay "shall notify the Mexican Government" or "shall deliver to the order of the Mexican Government," it is understood that such "notification" of such "delivery" made by the said Mr. John W. de Kay to the Financial Agent of the Mexican Government in London shall be accepted by the Mexican Government as "notification" and "delivery" to the said Government.

Ninth: Any stamps or other expenses which it may be necessary to incur either in respect to the contracts or to the provisional or the definitive Bonds referred to in this contract shall be for the account of the ones receiving said Bonds and the Mexican Government will not be obliged to defray any part of such expense. The cost of engraving and delivery of the definitive Bonds is to be paid by the Mexican Government.

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